SA CORPORATE REAL ESTATE

INDUSTRIAL | RETAIL | RESIDENTIAL | REST OF AFRICA

2022

GROUP ANNUAL FINANCIAL STATEMENTS

SA CORPORATE REAL ESTATE LIMITED
Registration number 2015/015578/06

CONTENTS

DIRECTORS' RESPONSIBILITIES AND APPROVAL

For the Group annual financial statements for the year ended 31 December 2022

The directors of SA Corporate Real Estate Limited ("the Company") are responsible for the preparation and integrity of the Group and Company annual financial statements and the related information included in the annual financial statements of the Company and all its subsidiaries ("the Group"). In order for the Board of Directors ("the Board") to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control and reviews its operation, primarily through the Audit and Risk Committee ("ARC").

The external auditors are responsible for reporting on the Group annual financial statements in conformity with International Standards on Auditing, and their opinion is included on pages 14 to 18. The Group annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), the requirements of the Companies Act, No. 71 of 2008 ("Companies Act"), the Johannesburg Stock Exchange ("JSE") Listing Requirements and incorporate disclosures in line with the accounting practices of the Group. They are based on appropriate accounting policies consistently applied and are supported by reasonable judgements and estimates.

The directors believe that the Group and Company will be going concerns for a period of 12 months from the date of this report. Accordingly, as per JSE Listings Requirements, in preparing the Group annual financial statements, the going concern basis has been adopted.

The Group annual financial statements and the Company annual financial statements for the year ended 31 December 2022 as set out on pages 19 to 118, were approved by the Board of Directors on 16 March 2023 and are signed on its behalf by:

MA Moloto
Chairman: Independent Non-executive Director

TR Mackey
Chief Executive Officer ("CEO")

These Group and Company annual financial statements have been prepared under the supervision of the Chief Financial Officer ("CFO"), SY Moodley CA(SA).

CEO AND CFO RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

(a) The Group annual financial statements set out on pages 19 to 118, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS.

(b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Group annual financial statements false or misleading.

(c) Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer.

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the Group annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.

(e) Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remedied the deficiencies.

(f) We are not aware of any fraud involving directors.

Signed on 16 March 2023 by:

TR Mackey
Chief Executive Officer

SY Moodley
Chief Financial Officer

DECLARATION BY THE **COMPANY SECRETARY**

For the year ended 31 December 2022

In my capacity as Company Secretary, I hereby confirm, in terms of Section 88(2)(e) of the Companies Act, that for the year ended 31 December 2022, the Company has lodged with the Registrar of Companies, all such returns as are required in terms of the Companies Act and that all such returns are true, correct and up to date.

Jacqui Grové
16 March 2023

DIRECTORS' REPORT

For the year ended 31 December 2022

The directors are pleased to present their report that forms part of the Group annual financial statements for the year ended 31 December 2022.

1. Nature of business

The Company (Registration number: 2015/015578/06), is one of the oldest established property companies in the South African market. It is a JSE-listed Real Estate Investment Trust ("REIT") which owns, through its subsidiary companies, a diversified property portfolio of 157 (2021: 165) properties in the industrial, retail and residential sectors. Its properties are located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia comprising 3 (2021: 3) properties in the retail and commercial sectors, in which the Company holds a 50% interest through a joint venture ("JV") arrangement.

2. Shareholders' equity

	Number of shares	
	2022	2021
Authorised shares	**4 000 000 000**	4 000 000 000
Issued shares	**2 514 732 095**	2 514 732 095

There have been no changes to the Company's authorised or issued share capital during the year under review.

3. Dividends

Dividends of R643.2 million (2021: R709.2 million) were declared and paid during the year.

The Company is committed to a distribution policy that meets the investment thesis of REIT investors. The Company is, however, mindful of the need to have a balanced and well considered approach to a dividend payout ratio that ensures that the Company is in a position to consistently make distributions on a sustainable basis. In this regard, it has resolved that when making distributions, it should retain from distributable income, capital expenditure that is defensive and recurring which will not generate additional income nor enhance the value of property assets. Having made allowance for the aforementioned deduction, the Board approved a distribution of R607.3 million (2021: R575.5 million) being 90.0% (2021: 90.0%) of distributable income and amounting to 24.15 (2021: 22.89) cents per share.

4. Board composition

As at the date of this report, the Board comprised 10 directors in total, 3 executive and 7 non-executive. The non-executive directors are all considered by the Board to be independent.

Director	Date appointed	Date retired
Board Chairman: Independent Non-executive Director		
MA Moloto	7 July 2014 (1)	
Independent Non-executive Directors		
OR Mosetlhi - Lead Independent Director	17 July 2019 (1)	
RJ Biesman-Simons	19 August 2010 (1)	6 June 2022
N Ford-Hoon(Fok)	17 July 2019	
EM Hendricks	2 April 2014 (1)	
GJ Heron	17 July 2019	
SS Mafoyane	11 February 2021	
GZN Khumalo	1 February 2023	

The Board welcomed Ms GZN Khumalo, who joined the Board on 1 February 2023, and extended its appreciation to Mr RJ Biesman-Simons who retired from the Board following the conclusion of the Company's annual general meeting on 6 June 2022. Ms NNN Radebe was appointed as an Executive Director and Chief Operating Officer of the Company with effect from 1 February 2023.

DIRECTORS' REPORT *CONTINUED*

For the year ended 31 December 2022

4. Board composition *continued*

Director Executive directors	Date appointed
TR Mackey (Chief Executive Officer)	1 August 2012 [(1)]
SY Moodley (Chief Financial Officer)	1 March 2022
NNN Radebe (Chief Operating Officer)	1 February 2023

(1) Date of first appointment to the Board of SA Corporate Real Estate Fund which was subsequently reconstituted as the Company.

Refer to note 35 on details of directors remuneration.

5. Company Secretary

Advocate Jacqui Grové is the Company Secretary.

6. Auditor

PricewaterhouseCoopers Inc. ("PwC") was reappointed as the auditor at the annual general meeting held on 6 June 2022.

7. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Board is satisfied that this is appropriate, and the Group has adequate resources to continue trading for the foreseeable future.

Refer to note 40 for further detail regarding the considerations and responses by the business relating to the going concern assertion.

8. Acquisition

On 9 November 2022, Afhco Holdings (Pty) Ltd (a subsidiary of the Company) purchased the remaining 10% economic interest in the Afhco JCO Holdings (Pty) Ltd JV from the JV development partner, HJC Holdings (Pty) Ltd. The JV owns the residential rental property, The Falls Lifestyle Estate, situated in Wilgeheuwel, Roodepoort.

9. Events after reporting period

Subsequent to year end, the Group disposed of its listed investment in Safari Investments RSA Limited, for R112.0 million. The Group also entered into a further R400.0 million interest rate swap agreement on 13 January 2023 and settled a US Dollar ("USD") Cross-currency Swap (December 2022: net liability of R50.9 million) on 26 January 2023. On 20 January 2023, the Group received R59.5 million as a further interim payment from South African Special Risk Insurance Association ("Sasria") in relation to the receivable at year end for properties damaged during the 2021 civil unrest. During March 2023, SA Corporate and Indluplace Properties Limited entered into a scheme implementation agreement in terms of which SA Corporate expressed its firm intention to make an offer to acquire the entire issued ordinary share capital of Indluplace Properties Limited. The effective date of the transaction is subject to the fulfilment of both regulatory and commercial suspensive conditions which include approval by the relevant competition authorities, the JSE and the Take-over Regulation Panel. Please refer to the SENS announcement issued on the 14 March 2023 for further detail.

10. Registered office and business address

GreenPark Corner, 16th Floor
Corner Lower Road and West Road South
Morningside, Gauteng
2196

REIT RATIOS

For the year ended 31 December 2022

The tables below reflect the SA Corporate REIT ratios which are aligned with the SA REIT Association's Best Practice Recommendations issued in November 2019. The comparative figures have been computed and disclosed on a consistent basis.

R 000	2022	2021
SA REIT funds from operations (SA REIT FFO)		
Profit after taxation attributable to shareholders	**819 314**	**620 883**
Adjusted for:		
Accounting specific adjustments:	**(176 083)**	**(47 782)**
Investment properties	(1 215)	502 014
Investment properties in JVs	(52 621)	73 469
Swap derivatives	(220 131)	(262 734)
Investment in listed shares	(6 122)	(42 201)
Depreciation of property, plant and equipment and amortisation of intangible assets	7 494	5 722
Dividend from investment in listed shares not yet declared	496	(1 125)
Non-distributable expenses	8 541	13 599
Non-distributable expenses on investments in JVs	660	12 828
Non-distributable taxation expense	1 732	2 801
IFRS 16 Lease payment	(7 674)	(8 728)
IFRS 16 Depreciation on right-of-use asset	4 510	5 806
IFRS 16 Interest on lease liability	1 421	2 334
Debt related costs	117	484
Insurance income adjustment relating to reinstatement costs [(1)]	48 615	(280 567)
Straight-lining operating lease expense/(income)	38 094	(71 484)
Adjustments arising from investing activities:	**5 331**	**21 719**
Loss on disposal of: Investment property and property, plant and equipment	5 331	21 719
Foreign exchange items:	**26 201**	**44 640**
Foreign exchange losses relating to capital items realised and unrealised	26 201	44 640
SA REIT FFO	**674 763**	**639 460**
Number of shares outstanding at end of year (net of treasury shares) (000)	2 492 607	2 488 241
SA REIT FFO per share (cents)	**27.07**	**25.70**
Company-specific adjustments to SA REIT FFO cents per share [(2)]	(2.92)	(2.81)
Distribution per share (cents)	**24.15**	**22.89**

(1) Included in other (loss)/income in the statement of comprehensive income is a loss of R48.6 million (2021: R280.6 million income) which is an adjustment to the insurance income recognised in the prior year relating to reinstatement costs for damages incurred during the July 2021 civil unrest. Refer to note 37.

(1) The specific adjustments refer to treasury shares and the related retained distributions.

REIT RATIOS *CONTINUED*

For the year ended 31 December 2022

R 000	2022	2021
Reconciliation of SA REIT FFO to cash generated from operations		
SA REIT FFO	**674 763**	**639 460**
Adjustments:		
Interest received	(16 046)	(25 210)
Interest expense	508 724	494 108
Amortisation of tenant installation and letting commission	22 794	23 101
Non-cash movement in JVs	(166 327)	(17 820)
Dividends received	(17 846)	(14 545)
Dividend from listed investments not yet declared	(496)	1 125
Taxation paid	2 131	3 077
Non-distributable expenses	(3 873)	(20 518)
Other non-cash items	143 417	57 212
Working capital changes:		
(Increase)/decrease in trade and other receivables	(177 149)	20 571
Increase in inventory	–	229
(Decrease)/increase in trade and other payables	(3 234)	33 479
Cash generated from operations	**962 596**	**1 194 269**
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	**10 320 812**	**10 066 363**
Adjustments:		
Dividend declared [(1)]	(281 210)	(317 160)
Goodwill and intangible assets	(83 952)	(83 625)
Deferred taxation	(4 689)	(6 167)
SA REIT NAV	**9 950 961**	**9 659 411**
Shares outstanding		
Number of shares in issue at end of the year (net of treasury shares) (000)	2 492 607	2 488 241
Diluted number of shares in issue (000)	**2 492 607**	**2 488 241**
SA REIT NAV per share (cents):	**399.22**	**388.20**
SA REIT cost-to-income ratio		
Expenses:		
Operating expenses per IFRS income statement (includes municipal expenses) [(2)]	954 667	947 774
Administrative expenses per IFRS income statement [(3)]	95 114	96 028
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(12 004)	(11 528)
Operating costs	**1 037 777**	**1 032 274**
Rental income:		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 475 357	1 485 713
Utility and operating recoveries per IFRS income statement	605 231	564 255
Gross rental income	**2 080 588**	**2 049 968**
SA REIT cost-to-income ratio	**49.9%**	**50.4%**
Operating costs	349 436	383 519
Contractual rental income per IFRS income statement (excluding straight-lining)	1 475 357	1 485 713
SA Corporate cost-to-income ratio [(4)]	**23.7%**	**25.8%**

(1) H2 2022 dividend declared in 2023.
(2) Includes expected credit loss ("ECL").
(3) Excludes audit fees.
(4) SA Corporate measures cost-to-income net of recoveries.

REIT RATIOS *CONTINUED*

For the year ended 31 December 2022

R 000	2022	2021
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses as per IFRS income statement [(1)]	95 114	96 028
Rental income:		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 475 357	1 485 713
Utility and operating recoveries per IFRS income statement	605 231	564 255
Gross rental income	**2 080 588**	**2 049 968**
SA REIT administrative cost-to-income ratio	**4.6%**	**4.7%**
SA REIT Gross Lettable Area ("GLA") vacancy rate		
GLA of vacant space (m^2)	18 202	26 818
GLA of total property portfolio (m^2)	798 117	823 030
SA REIT GLA vacancy rate [(2)]	**2.3%**	**3.3%**
Cost of debt		
Variable interest-rate borrowings:		
Floating reference rate plus weighted average margin	8.9%	5.5%
Pre-adjusted weighted average cost of debt	**8.9%**	**5.5%**
Adjustments:		
Impact of interest rate derivatives	0.1%	2.5%
Impact of cross-currency interest rate swaps	(0.1%)	–
Amortised transaction costs imputed in the effective interest rate	0.1%	0.1%
All-in weighted average cost of debt	**9.0%**	**8.1%**
SA REIT loan-to-value ("LTV")		
Gross debt	6 404 924	6 150 304
Less: Net cash and cash equivalents	(79 674)	(111 330)
Total cash and cash equivalents	(180 019)	(211 327)
Less: Government grant maintenance reserve amount	500	–
Less: Tenant deposit accounts	99 845	99 997
Add:		
Cross-currency derivatives	50 948	46 473
Interest rate swap derivatives	(60 223)	167 931
Net debt	**6 315 975**	**6 253 378**
Total assets per consolidated statement of financial position	**17 533 845**	17 126 273
Less:		
Cash and cash equivalents	(180 019)	(211 327)
Derivative financial assets	(187 362)	(125 396)
Goodwill and intangible assets	(83 952)	(83 625)
Deferred taxation	(4 689)	(6 167)
Trade and other receivables [(3)]	(350 271)	(465 640)
Taxation receivable	(324)	(67)
Inventories	(189)	(189)
Carrying value of property-related assets	**16 727 039**	**16 233 862**
SA REIT LTV	**37.8%**	**38.5%**

(1) Excludes audit fees.
(2) Excludes the Afhco portfolio which is based on units.
(3) Adjusted for reinstatement insurance claim receivable and net debt raising costs.

AUDIT AND RISK COMMITTEE REPORT

For the year ended 31 December 2022

The Audit and Risk Committee ("the Committee") is pleased to present its report for the financial year ended 31 December 2022, in accordance with the Companies Act, the JSE Listings Requirements, King IV and other applicable regulatory requirements.

ROLE AND RESPONSIBILITIES

The Committee is constituted as a statutory committee of the Company and the Group in respect of its statutory duties in terms of section 94(7) of the Companies Act and as a committee of the Board in respect of monitoring and overseeing the Group's risks, information technology and compliance governance, and such other duties assigned to it by the Board.

In this regard, the Committee assists the Board in fulfilling its oversight responsibilities by monitoring, reviewing and making recommendations on financial reporting, internal financial controls, external and internal audit functions, statutory and regulatory compliance by the Group, ensuring that the Group implements and maintains an effective enterprise-wide risk management framework, complies with laws, regulations and relevant best practice codes, and that information technology is governed in support of the Group's strategy and direction, and to further specifically oversee the management of financial and other risks that affect the integrity of external reports and disclosures issued by the Group and to oversee compliance with legal and regulatory requirements to the extent that it might have an impact on the Group annual financial statements. The Committee further oversees co-operation between the internal and external auditors, serving as a link between the Board and these functions.

Terms of reference

The Board considered and approved the terms of reference for the Committee during December 2022. The Committee follows an annual work plan to ensure all its duties and responsibilities as set out in its terms of reference are dealt with at its meetings throughout the year. The Committee is satisfied that it has conducted its affairs, and discharged its legal and other responsibilities, as outlined in its terms of reference, the Companies Act and King IV. The Board concurred with this assessment.

Composition and Meeting Procedures

At all times during the reporting year, the Committee comprised the appropriate number of independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act and King IV. As a collective and having regard for the size and circumstances of the Group, the Committee was adequately skilled, and all members possessed the appropriate financial and related qualifications, skills, expertise and experience required to discharge their responsibilities. The composition of the Committee and the attendance of meetings by its members during the 2022 financial year are set out below:

Name	Primary Qualification	Date of appointment	Meeting attendance	Meeting attendance Special
N Ford-Hoon(Fok) (Chairman)	CA(SA)	1 June 2020*	3/3	6/6
GJ Heron	CA(SA)	1 June 2021	3/3	6/6
SS Mafoyane	MBA	1 June 2021	3/3	6/6

* Ms N Ford-Hoon(Fok) was appointed as the Chairman of the Committee effective 1 June 2021.

Ms N Ford-Hoon(Fok), Ms SS Mafoyane and Mr GJ Heron were each re-elected as members of the Committee at the Company's annual general meeting held on 6 June 2022. Ms GZN Khumalo was appointed to the Committee effective 1 February 2023.

The Committee met on nine occasions, which meetings were scheduled in line with the Group's financial reporting cycle, and at such other times so as to discharge its duties.

The Committee also met separately with the Internal and External Auditor ("Auditors"). The Committee Chairman has regular contact with the management team to discuss relevant matters directly, and the Auditors have direct access to the Committee, including closed sessions without management held during the year, on any matter that they regard as relevant to the fulfilment of the Committee's responsibilities.

DISCHARGE OF DUTIES IN 2022

Statutory Duties

- Recommended the re-appointment of the External Auditor and the designated independent auditor for the 2022 financial year, in accordance with section 90 of the Companies Act and the JSE Listings Requirements.
- Reviewed the External Auditor's terms of engagement and approved the audit plan and audit fees.
- Determined and approved the nature and extent of allowable non-audit services provided by the External Auditor.
- Reviewed the accounting policies, financial statements, 2021 Integrated Annual Report, and made recommendations to the Board, and ensured that all reporting was prepared in accordance with IFRS, the JSE Listings Requirements, King IV and the requirements of the Companies Act and other applicable legislation.

AUDIT AND RISK COMMITTEE REPORT *CONTINUED*

For the year ended 31 December 2022

DISCHARGE OF DUTIES IN 2022 *continued*

Delegated Duties

- Reviewed the effectiveness and quality of the internal and external audit processes.
- Monitored compliance with applicable legislation and regulations.
- Reviewed the effectiveness of the Group's system of internal financial control, including receiving assurances from its property managers, Broll Property Group (Pty) Ltd and Afhco Property Managers (Pty) Ltd, internal and external audit.
- Ensured that the Combined Assurance Framework is applied to provide a coordinated approach to all assurance activities.
- Reviewed the integrity of the interim results, Group annual financial statements and integrated annual report, including the public announcements of the Group's financial results.
- Oversaw the management of financial and other risks that affect the integrity of external reports issued by the Group.
- Reviewed compliance with the Committee's terms of reference and recommended changes to its terms of reference, in alignment with King IV, to the Board.
- Reported back to the Board on matters delegated to it in terms of its terms of reference.
- Reviewed exposure to banks.
- Met with external and internal auditors without management being present.
- Approved tenant write-downs and write-offs in excess of R1 million.

1. Financial Reporting and Integrated Annual Report

KEY FOCUS AREA	CONCLUSION
Financial Reporting • Ensured that the financial statements were prepared in accordance with IFRS, the JSE Listings Requirements, and the requirements of the Company's Act and other applicable legislation. • Performed a detailed review of the going concern assumption considering all input assumptions and liquidity profiles to determine its appropriateness. • Reviewed the solvency and liquidity assessment, the proposed dividend payout ratio and tax implications thereof and recommended the 2022 dividend proposal to the Board. • Considered and noted all JSE correspondence, and specifically the JSE's annual report back on proactive monitoring of the annual financial statements of listed entities, impacting the financial statements as well as the SA REIT Best Practice Recommendations and ensured that these were appropriately incorporated into the Group annual financial statements. • Satisfied itself as to the appropriateness of the methodologies used in determining the critical accounting estimates.	**Significant Matters** *Valuation of investment property* The fair value of investment properties was determined by an experienced independent valuer, Quadrant Properties (Pty) Ltd. The valuation methodology and assumptions were subject to robust reviews by management before being recommended to the Board for approval. The Board carefully considered the movement in the valuations and the fair values and believe that they were appropriate and justified. *Insurance Receivable* The losses suffered as a result of the civil unrest that occurred in July 2021 were of a material nature. The impact of the damage to affected properties as a result of the July 2021 riots had been accounted for in the valuation of the properties and appropriately impaired by the amount of estimated restoration costs expected to be incurred post 31 December 2021. During the 2022 year, the Group continued progress on the restoration works, and also received further payments from Sasria. At 31 December 2022 the receivable balance had reduced to R98.3 million (2021: R200.4 million), and a further payment of R59.5 million was received post year-end, reducing the receivable to R38.8 million. The Group is adequately insured for loss of assets and business interruption, the assessment of virtual certainty was supported by the insurer's confirmation of liability against all valid claims, the payments received to date, market confidence provided regarding their commitment and financial ability to settle outstanding claims. The insurance receivable has been raised for loss of income and restoration costs of affected buildings not yet reimbursed by the insurer at 31 December 2022 financial year, based on independent reliable estimates used for property impairment, and due consideration of the virtual certainty of receipt of the claim. The Committee ensured that appropriate financial reporting procedures existed and were operating. • ***The Committee recommended the Group and Company annual financial statements to the Board for approval.***

AUDIT AND RISK COMMITTEE REPORT *CONTINUED*

For the year ended 31 December 2022

1. Financial Reporting and Integrated Annual Report *continued*

KEY FOCUS AREA	CONCLUSION
Integrated Annual Report • Reviewed the Group's Integrated Annual Report for the year ended 31 December 2021. • Ensured that the report was prepared in accordance with the appropriate reporting standards, King IV, and the JSE Listings Requirements.	The Committee will evaluate the integrity of the 2022 Integrated Annual Report and ensure that it is prepared using the appropriate reporting standards, which meet the requirements of King IV and the JSE Listings Requirements in order to recommend it to the Board for approval.

2. Internal Financial Controls

KEY FOCUS AREA	CONCLUSION
• Reviewed exposure to banks. • Approved tenant write-downs and write-offs in excess of R1 million. • Approved the refinancing of loan facilities and recommended new debt facilities to the Board for approval. • Reviewed and approved swap derivatives, fixes and currency hedging. • Reviewed compliance with the financial conditions of loan covenants. • Approved the provision of property as security for debt and the structuring thereof. • Reviewed taxation matters. • Oversaw the management of financial and other risks that affect the integrity of external reports issued by the Group. • Increased focus on improving the internal control environment both within the Group and the outsourced property managers. • Considered the overall adequacy and effectiveness of the system of internal financial control for the Group.	The Group's internal auditor, BDO, confirmed based upon the quarterly Internal Financial Control Reviews performed for the 2022 financial year and their scope of work and controls tested, that the system of internal financial controls in operation at SA Corporate is adequate and operating as intended. Regarding the overall effectiveness of SA Corporate's governance, risk management and control processes, BDO further confirmed that based upon the internal audit work performed for the months May 2022 to February 2023 for the 2022 financial period, as per their approved internal audit plan and the audits undertaken above, they could conclude, based on their scope of work and controls tested, that the system of internal controls in operation at SA Corporate is adequate and operating as intended. • ***The Committee confirms that nothing has come to its attention to indicate a material breakdown in the functioning of the financial reporting controls, procedures or systems during the year ended 31 December 2022.***

3. Risk Management

KEY FOCUS AREA	CONCLUSION
• Monitored key strategic risks. • Ensured the adherence to Principle 13 of King IV, Compliance Risk Management processes. • Oversaw the implementation of the Business Continuity Plan ("BCP"), including Disaster Recovery.	The Committee monitored key risks through regular reports from management and other sub-committees of the Board and were comfortable with the adequacy and effectiveness of the enterprise-wide risk management framework and process in place. BDO undertook a review of the Group's BCP, including disaster recovery, and concluded that business continuity management has been implemented, and that the testing conducted on the recovery of critical business systems for the Group was successful, giving comfort that the entire business would recover when faced with any eventuality.

4. Evaluation

KEY FOCUS AREA	CONCLUSION
Finance Function • Reviewed the expertise, resources and experience of the finance function.	As required by the JSE, the Committee is satisfied that the CFO, Mr SY Moodley, CA(SA), possesses the appropriate expertise and experience to execute his responsibilities. The Committee similarly satisfied itself that the finance function is effective and competent.

4. Evaluation *Continued*

KEY FOCUS AREA	CONCLUSION
Internal Audit • Assessed the adequacy of the expertise and resources of the Internal Audit function. • Assessed the objectivity and independence of the Internal Audit function. • Approved the internal audit charter, plan, approach and fees.	The Group has outsourced its Internal Audit function to BDO under the directorship of Mr Richard Walker. The internal audit plan has been developed in consultation with management and approved by the Committee. The following were reviewed during the year: • Internal financial controls on a quarterly basis; • Property management; • Investment Management; • Zambia JV internal controls; and • Business Continuity Management. The Committee has reviewed all internal audit reports and is satisfied with the result thereof and the performance of the Internal Auditor in this regard. BDO have also completed an external quality assurance review and received an assessment of "generally conforms" which is the highest outcome awarded for such an external quality assurance review. BDO confirmed that all their professional internal audit staff are members of the Institute of Internal Auditors (IIA) which endorses a Code of Ethics to promote an ethical culture in the profession of internal auditing. Other BDO staff included in the Group's delivery team are registered with their affiliated professional bodies. BDO further confirmed that, as at March 2023, their core Group's internal audit team are all valid members of the IIA. • ***The Committee is satisfied with the adequacy of the expertise and resources, as well as the objectivity and independence of the Internal Audit function.***

External Audit
• Reviewed the independence of PwC.
• Reviewed the external audit scope, approach and the quality and effectiveness of the external audit process.
• Reviewed and approved the following in respect of the eligibility of the External Auditor:
  - The current engagement partner Mr Jacques de Villiers and the audit firm's JSE accreditation.
  - The extent and nature of non-audit services provided.
  - The competence and expertise of the engagement partner and the team.
• Reviewed the nature of non-audit services provided.
	The Committee recommended the appointment of PwC as external auditor for a third term and Mr Jacques de Villiers as the designated independent auditor for the 2022 financial year. PwC were reappointed as the External Auditors at the annual general meeting held on 6 June 2022.
	
	The Committee has reviewed the policies and processes in place between the Group and PwC to ensure that independence is maintained. These include assessment and pre-approval processes for engaging on non-audit services.
	
	The Committee has reviewed and approved the provision of non-audit services by PwC. The nature of non-audit services provided during the year were largely in respect of taxation compliance reviews and amounted to R512 932 (2021: R988 065).
	
	The Committee has considered all decision letters and findings reports from the auditors as required in terms of paragraph 22.15(h) of the JSE Listings Requirements.
	
	• ***The Committee confirms that the External Auditors have executed their audit responsibilities as required and that the quality of the audits performed, and reports issued were of an acceptable standard.***

Committee • Undertook a formal evaluation of the Committee which was externally facilitated as part of the broader Board evaluation process.	The Committee was satisfied with its overall performance and areas identified for enhancement during a formal externally facilitated evaluation of the Committee, undertaken in early 2022, have since been addressed and incorporated into the Committee's workplan and meeting agendas. The Board concurred with the results of the Committee's evaluation.

For the year ended 31 December 2022

5. Combined Assurance

KEY FOCUS AREA	CONCLUSION
• The Committee has executed on its overall responsibility to ensure that the combined assurance framework was effective, and that it ensured a coordinated approach to all assurance activities.	The combined assurance framework is based on three levels of defence and assurance for all key risks identified. Level one is management-based assurance; level two is assurance achieved through the oversight of the Board and its committees and level three is independent assurance provided by third parties such as the internal and external auditors, valuers, advisers and regulators. The Committee reviewed the level of maturity of the combined assurance framework as it related to the third-line of defence and the following improvements were substantively achieved in 2022, with further ongoing development in support of a relevant and proportional approach to assurance activities: • Augmented the level of assurance with increased reliance on the control environment beyond the review of the design and implementation of controls over the key business processes. • Enhanced external audit reliance on the assurance provided by the internal audit function where external and internal audit objectives were aligned.

6. Key focus areas in 2023

While the Committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the Committee's attention during 2023:

- Continued focus on further embedding enterprise risk management and combined assurance considerations.
- Maintaining focus on continuous auditing from an internal audit perspective.
- The Committee's composition, skill set and succession plan.
- Overseeing the further automation of financial processes.
- Overseeing financial and taxation implications arising from corporate actions.

On behalf of the Committee:

Naidene Ford-Hoon(Fok)
Chairman of the Audit and Risk Committee
Independent Non-executive Director

16 March 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SA Corporate Real Estate Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of SA Corporate Real Estate Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

SA Corporate Real Estate Limited's consolidated and separate financial statements set out on pages 19 to 117 comprise:
- the consolidated and company statements of financial position as at 31 December 2022;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

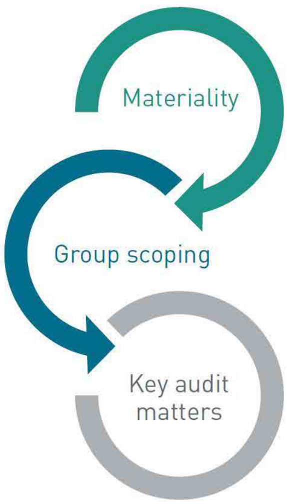
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Our audit approach

Overview



Overall group materiality
- Overall group materiality: R103 million, which represents 1% of consolidated net asset value.

Group audit scope
- The group consists of 19 property-owning components: 16 in South Africa and 3 in Zambia. The Group also has 3 holding companies in Mauritius. We performed full scope audits for 3 of the South African Components and 1 of the Zambian Components. We performed an independent review of one of the components. The group engagement team performed audit procedures centrally over a sample of investment property related balances across the group. In addition, we performed specified procedures and analytical procedures over the remaining components.

Key audit matters
- Valuation of investment properties.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT *CONTINUED*

To the Shareholders of SA Corporate Real Estate Limited

Overall Group materiality	R103 million
How we determined it	1% of consolidated net asset value.
Rationale for the materiality benchmark applied	We chose consolidated net asset value as the benchmark because, in our view, it is the key benchmark against which the performance of the Group is most commonly measured by users of the consolidated financial statements. Although the Group is profit-orientated, its strategic focus is to deliver long-term shareholder returns through the acquisition and development of investment property. As a Real Estate Investment Trust (REIT), the users are likely to be more concerned with the net assets underlying the Group, compared to profitability. In addition, the loan-to-value ratio (value of loans compared to the value of assets) is a key metric for the Group. We chose 1% based on our professional judgement, and after consideration of the range of quantitative materiality thresholds that we would typically apply when using net assets to compute materiality.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 19 property-owning companies, which includes industrial, retail, residential and commercial properties in South Africa and Zambia. The Group also owns 3 holding companies in Mauritius. The consolidated financial statements are a consolidation of all the companies in the Group.

For purposes of Group scoping the AFHCO Group of 19 companies is noted as 1 component. Based on the financial significance and audit risk, we performed full scope audits at 3 of the South African components, namely SA Corporate Real Estate Limited, SA Retail Properties Proprietary Limited and the AFHCO Holdings Proprietary Limited. We performed a full scope audit of one of the Zambian companies, Graduare Property Development Limited. We performed an independent review of one of the components. The group engagement team performed audit procedures centrally over a sample of investment property related balances across the group. In addition, we performed specified procedures and analytical procedures over the remaining components.

This, together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us sufficient appropriate evidence regarding the consolidated financial information of the Group. All of the work was performed by the group and component audit teams.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT *CONTINUED*

To the Shareholders of SA Corporate Real Estate Limited

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Refer to note 5 to the consolidated financial statements for details on the valuation of investment properties.

This key audit matter relates to the consolidated and separate financial statements.

The Group's investment property portfolio, including the straight-lining lease adjustment, is valued at R14.4 billion in the consolidated statement of financial position. The fair value gain recorded for the year amounts to R1.2 million.

The investment properties are stated at their fair values based on independent external valuations.

It is the policy of the Group to obtain external valuations for all investment properties. The fair values of investment properties at year-end were determined using the discounted cash flow valuation method in respect of the traditional portfolio, consisting mostly of commercial, retail and industrial properties, and net income capitalisation in perpetuity valuation method in respect of the AFHCO portfolio, consisting mostly of residential properties.

The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the forecasted future net cash flows for that particular property.

In determining a property's valuation, the valuer takes into account property-specific information such as discount rate, exit capitalisation rate, capitalisation rate, expected rental growth rate, vacancy rate, vacancy periods and bulk rates as key judgements in the assumptions.

The independent valuer applies assumptions for yields, estimated rent growth rates and exit capitalisation rates which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation.

We considered the year-end valuation of investment properties to be a matter of most significance to our current year audit due to the following:

- Inherent subjectivity of the key assumptions that underpin the valuations of investment property and the uncertainty involved in making these assumptions; and
- The magnitude of the balance of the investment properties recorded in the consolidated and separate statement of financial position, as well as the changes in fair value relating to the property portfolio recorded in the consolidated statement of comprehensive income.

</td><td>

We obtained an understanding of the approaches followed by management and the independent valuer in respect of the valuation of the Group's investment property portfolio through discussions with management and the external valuer, as well as the inspection of minutes of meetings. We inspected the valuation reports for a representative sample of properties and assessed whether the valuation approach for each of these properties was in accordance with IFRS, and suitable for use in determining the fair value for the purpose of the consolidated and separate financial statements.

We evaluated the valuer's qualifications and expertise and evaluated whether there were any matters that might have affected the valuer's objectivity or may have imposed scope limitations upon the valuer's work through direct communication with the valuer, and inspection of their credentials. We did not note any aspects in this regard requiring further consideration.

We made use of our internal valuation expertise in our assessment of the reasonableness of the valuation methodologies and assumptions applied based on our knowledge of the industry and the markets in which the Group operates.

We obtained an understanding of and tested the relevant controls relating to the valuation of investment properties, which included controls in relation to the following:

- reviewing of invoices in support of contractual rental income before they are recorded,
- the setting and approval of budgets by the Group; and
- the review and approval by the Board of the external valuations performed and methodology used in these valuations.

We performed the following procedures on a representative sample of the investment properties, to assess the reasonableness of the inputs into the valuation:

- Compared data inputs into the valuations against the appropriate market and historic information. Where differences were noted, we made use of our internal valuation expertise to determine our own estimates of these inputs. The inputs tested include:
    - discount rates;
    - exit capitalisation rates;
    - capitalisation rate;
    - expected rental growth rates;
    - vacancy rates;
    - vacancy periods; and
    - bulk rates.
- Assessed the reasonableness of the cash flows of each sampled property used by the valuer in the models. This involved:
    - Reconciling the actual cash flows for the year ended 31 December 2022 to the cash flows used in the base year forecast and investigating significant differences; and
    - Assessing the forecasted cash flows against market information and contractual information.

The forecasted cash flows fell within an acceptable range.

Making use of our internal valuation expertise, we performed an independent valuation of each property in our sample, based on the data inputs and cash flows referred above. We did not identify material differences between the valuer's valuation and our independently recalculated fair values.

</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT *CONTINUED*

To the Shareholders of SA Corporate Real Estate Limited

Key audit matter	How our audit addressed the key audit matter
The Company accounts for all investment in subsidiaries and joint ventures at fair value. The value of the investment in the joint ventures of R1.2 billion and investment in subsidiaries of R7.3 billion is deemed to be that of the underlying properties. Refer to note 3 and note 4 to the Company financial statements for details on the investments.	We further evaluated the appropriateness of the disclosures in the consolidated and separate financial statements concerning the key assumptions to which the valuations are most sensitive, and the inter-relationship between the assumptions and the valuation amounts, based on the results of our work performed and taking into account the applicable requirements of IFRS. As the fair value of the investment in subsidiaries and joint ventures is linked to the fair value of investment properties, for purposes of the valuation of investment in subsidiaries and joint ventures reliance was placed on the work performed over the investment property fair values.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "SA Corporate Real Estate 2022 Group Annual Financial Statements", which includes the Directors' Report, the Audit and Risk Committee's Report and the Declaration by the Company Secretary, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled "SA Corporate Real Estate 2022 Integrated Annual Report", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT *CONTINUED*

To the Shareholders of SA Corporate Real Estate Limited

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of SA Corporate Real Estate Limited for 3 years.

PricewaterhouseCoopers Inc.
Director: JR de Villiers
Registered Auditor
Cape Town, South Africa
16 March 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Notes	2022 R 000	2021 R 000
Assets			
Non-current assets			
Investment property	5	**14 073 107**	13 675 260
Letting commissions and tenant installations	5	**21 695**	18 130
Investments in JVs	6	**1 201 078**	869 876
Loan to JV	6	**–**	142 727
Property, plant and equipment	8	**41 705**	10 736
Intangible assets and goodwill	9	**83 952**	83 625
Right-of-use assets	10	**12 124**	15 761
Investment in listed shares	11	**52 993**	162 871
Other financial assets	11	**651**	2 396
Swap derivatives	12	**36 848**	117 342
Deferred taxation	18	**4 689**	6 167
Rental receivable - straight-line rental adjustment	30	**289 271**	323 031
		15 818 113	15 427 922
Current assets			
Inventories		**189**	189
Letting commissions and tenant installations	5	**17 147**	15 315
Investment in listed shares	11	**116 000**	–
Other financial assets	11	**13 417**	25 405
Swap derivatives	12	**150 514**	8 054
Trade and other receivables	13	**464 642**	465 640
Cash and cash equivalents	14	**180 019**	211 327
Rental receivable - straight-line rental adjustment	30	**27 034**	31 426
Taxation receivable		**324**	67
		969 286	757 423
Non-current assets held for sale	15	**746 446**	940 928
Total Assets		**17 533 845**	17 126 273
Equity and liabilities			
Equity			
Share capital and reserves	16	**10 320 812**	10 066 363
Liabilities			
Non-current liabilities			
Lease liabilities	10	**11 253**	15 084
Swap derivatives	12	**222**	220 935
Interest-bearing borrowings	17	**6 395 662**	6 150 304
		6 407 137	6 386 323
Current liabilities			
Lease liabilities	10	**5 341**	6 289
Swap derivatives	12	**177 865**	118 866
Interest-bearing borrowings	17	**40 917**	39 361
Taxation payable		**367**	–
Trade and other payables	19	**581 406**	509 071
		805 896	673 587
Total Liabilities		**7 213 033**	7 059 910
Total Equity and Liabilities		**17 533 845**	17 126 273

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 R 000	2021 R 000
Revenue	20	**2 042 494**	2 121 452
Expected credit loss		**(22 685)**	(55 996)
Other operating income	37	**52 607**	50 936
Fair value gain/(loss) on investment properties [(1)]		**1 215**	(502 014)
Operating expenses	23	**(1 035 639)**	(996 909)
Operating profit		**1 037 992**	617 469
Other (loss)/income [(2)]		**(47 808)**	280 567
Foreign exchange adjustments		**(27 057)**	(44 490)
Fair value gain on swap derivatives	12	**220 131**	262 735
Capital loss on disposal of investment properties and property, plant and equipment		**(5 331)**	(21 719)
Fair value gain on investment in listed shares	11	**6 122**	42 201
Profit/(loss) from JVs [(3)]	6	**246 528**	(36 293)
Impairment of JVs	6	**(132 822)**	(19 356)
Dividends from investments in listed shares		**17 846**	14 545
Interest income	21	**16 046**	25 210
Interest expense	22	**(508 724)**	(494 108)
Profit before taxation		**822 923**	626 761
Taxation expense	24	**(3 609)**	(5 878)
Profit after taxation for the year		**819 314**	620 883
Other comprehensive income:			
Items that may be reclassified to profit or loss after taxation:			
Foreign exchange adjustments on investment in JV	6	**67 770**	75 442
Total comprehensive income for the year		**887 084**	696 325
Basic earnings per share (cents)	25	**32.58**	24.69
Diluted earnings per share (cents)	25	**32.58**	24.69

(1) Fair value loss of R16.2 million (2021: R502.0 million loss) refer to note 5; fair value gain of R17.4 million (2021: R0) refer to note 15.

(2) Included in other (loss)/income is a loss of R48.6 million (2021: R280.6 million income) which is an adjustment to the insurance income recognised in the prior year relating to reinstatement costs for damages incurred during the July 2021 civil unrest. Refer to note 37.

(3) Included in profit/(loss) from JVs is R190.7 million (2021: (R75.0) million) relating to fair value adjustment of properties and R55.8 million(2021: R38.7 million) relating to distributable income.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital R 000	Non-distributable reserves R 000	Distributable reserves R 000	Total equity R 000
Shareholders' equity at 1 January 2021	**9 142 589**	**349 238**	**601 135**	**10 092 962**
Profit for the year	–	–	620 883	620 883
Foreign exchange adjustments on investment in JVs	–	–	75 442	75 442
Total comprehensive income for the year	–	–	696 325	696 325
Treasury shares purchased	(16 516)	–	–	(16 516)
Share-based payment reserve	3 360	(560)	–	2 800
Fair value gain on swap derivatives	–	262 734	(262 734)	–
Fair value loss on investment properties	–	(502 014)	502 014	–
Fair value gain on investments in listed shares	–	42 201	(42 201)	–
Non-distributable adjustments on investments in JVs	–	(10 855)	10 855	–
Capital loss on disposal of investment properties and property, plant and equipment transferred to non-distributable reserves	–	(21 719)	21 719	–
Foreign exchange loss on capital loan	–	(44 640)	44 640	–
Straight-line rental adjustment	–	71 484	(71 484)	–
Dividends from listed shares not yet declared	–	1 125	(1 125)	–
Insurance income adjustment relating to reinstatement costs	–	280 567	(280 567)	–
Depreciation	–	(5 722)	5 722	–
Non-distributable expenses	–	(16 297)	16 297	–
	9 129 433	405 542	1 240 596	10 775 571
Distributions attributable to shareholders	**–**	**–**	**(709 208)**	**(709 208)**
Shareholders' equity at 31 December 2021	**9 129 433**	**405 542**	**531 388**	**10 066 363**
Note				16

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *CONTINUED*

for the year ended 31 December 2022

	Share capital R 000	Non-distributable reserves R 000	Distributable reserves R 000	Total equity R 000
Shareholders' equity at 1 January 2022	**9 129 433**	**405 542**	**531 388**	**10 066 363**
Profit for the year	–	–	819 314	819 314
Foreign exchange adjustments on investment in JVs	–	–	67 770	67 770
Total comprehensive income for the year	–	–	887 084	887 084
Share-based payment reserve	8 446	2 156	–	10 602
Fair value gain on swap derivatives	–	220 131	(220 131)	–
Fair value gain on investment properties	–	1 215	(1 215)	–
Fair value gain on investments in listed shares	–	6 122	(6 122)	–
Non-distributable adjustments on investments on JVs	–	214 664	(214 664)	–
Capital loss on disposal of investment properties and property, plant and equipment transferred to non-distributable reserves	–	(5 331)	5 331	–
Foreign exchange loss on capital loan	–	(26 201)	26 201	–
Straight-line rental adjustment	–	(38 094)	38 094	–
Dividends from listed shares not yet declared	–	(496)	496	–
Insurance income adjustment relating to reinstatement costs	–	(48 615)	48 615	–
Depreciation	–	(7 494)	7 494	–
Non-distributable expenses	–	(8 647)	8 647	–
	9 137 879	714 952	1 111 218	10 964 049
Distributions attributable to shareholders	–	–	(643 237)	(643 237)
Shareholders' equity at 31 December 2022	**9 137 879**	**714 952**	**467 981**	**10 320 812**
Note				16

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 R 000	2021 R 000
Cash flows from operating activities			
Cash generated from operations	28	**962 596**	1 194 269
Interest received		**13 807**	25 305
Distributions paid		**(643 237)**	(709 208)
Interest paid		**(524 694)**	(502 055)
Taxation paid		**(2 131)**	(1 606)
Net cash (used in)/from operating activities		**(193 659)**	6 705
Cash flows from investing activities			
Acquisition of investment properties		**(456 584)**	(292 460)
Proceeds on disposal of investment properties		**271 681**	824 601
Increase in letting commissions and tenant installations	5	**(27 556)**	(11 432)
Acquisition of property, plant and equipment	8	**(13 772)**	(4 422)
Proceeds on disposal of property, plant and equipment	8	**72**	–
Acquisition of intangible asset		**(1 862)**	(1 721)
Advance from JVs		**8 618**	28 471
Dividends from listed investments		**17 846**	14 545
Decrease/(increase) in other financial assets		**12 130**	(29 907)
Proceeds from insurance relating to reinstatement costs		**123 672**	80 138
Development equity contribution paid	6	**(76 817)**	–
Proceeds from government grant	38	**32 543**	–
Acquisition of subsidiary	7	**(3 000)**	–
Proceeds on sale of subsidiary	39	**265 354**	–
Net cash from investing activities		**152 325**	607 813
Cash flows from financing activities			
Repurchase of treasury shares		**–**	(16 516)
Settlement of swap derivatives		**–**	(21 484)
Proceeds from interest-bearing borrowings	17	**706 000**	931 500
Repayment of interest-bearing borrowings	17	**(688 300)**	(1 456 067)
Payment on lease liabilities	10	**(7 674)**	(8 727)
Net cash used in financing activities		**10 026**	(571 294)
Total cash and cash equivalents movement for the year		**(31 308)**	43 224
Cash and cash equivalents at the beginning of the year		**211 327**	168 103
Total cash and cash equivalents at the end of the year	14	**180 019**	211 327

ACCOUNTING POLICIES

For the year ended 31 December 2022

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year the Group has adopted all of the revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the IFRS Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2022. Refer to note 2 for an analysis of the impact of newly adopted International Financial Reporting Standards.

1. GENERAL INFORMATION

SA Corporate Real Estate Limited ("the Company"), established in the Republic of South Africa, is a Real Estate Investment Trust ("REIT"). The Company is listed on the JSE and has a secondary listing on the A2X.

1.1 Basis of preparation

The Group annual financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements, IFRIC, the Companies Act, International Financial Reporting Standards (''IFRS"), the IFRS Interpretations Committee interpretations, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies used in the preparation of the Group annual financial statements are consistent with those applied in the prior year, except as noted in note 2. The Group annual financial statements have been prepared on the going concern and historical cost basis, modified by the revaluation of certain financial instruments and investment property to fair value measurement.

Accounting policies, which are useful to users, especially where particular accounting policies are based on judgement regarding choices within IFRS have been disclosed. Accounting policies for which no choice is permitted in terms of IFRS have been included only if management concluded that the disclosure would assist users in understanding the annual financial statements as a whole, taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time, have been removed, but will be included if the type of transaction occurs in future.

The functional and presentation currency of the Group is South African Rand unless otherwise indicated.

1.2 Basis of consolidation

The Group annual financial statements incorporate the annual financial statements of the Company and its subsidiaries. Consolidation of the subsidiary begins when the Company obtains control over the subsidiary and ceases when control is lost. The Company is the major and/or sole owner of all its subsidiaries and consequentially has power to direct the subsidiaries' performance which gives rise to the dividend income the Company receives from the subsidiaries.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance.

All intragroup transactions and balances between members of the Group are eliminated in full upon consolidation.

1.3 Impairment

The carrying amount of the Group's assets is reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised in profit or loss when the carrying amount of an asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the extent that the increased carrying amount does not exceed the original carrying amount. A reversal of an impairment loss is recognised immediately in profit or loss.

1.4 Fair value measurement

Where another IFRS requires or the Group has chosen fair value measurement for assets or liabilities, the Group has applied the principles of IFRS 13: Fair Value Measurement to determine the fair value to be used. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted instruments is determined with reference to closing market prices on the date of measurement. Where there is no active market, fair value is determined using applicable valuation techniques. Valuation techniques include discounted cash flow models, pricing models and recent arm's length transactions for similar instruments.

1.5 Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than Rand are recognised at the rate of exchange prevailing at the dates of the transactions. Non-monetary items that are measured in terms of the historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting these consolidated annual financial statements, the assets and liabilities of the Group's foreign operations are translated into Rand using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Exchange differences arising from foreign JVs are recognised in other comprehensive income and accumulated in equity.

1.6 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience, adjusted for current market conditions and other factors.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant estimates and judgements include:

Estimates of the fair value of investment properties

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement the Group considers information from a variety of sources including:

- Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences. This is reflected in the capitalisation rate assumption.
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. This is reflected in the capitalisation rate assumption.
- Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.
- The fair value of the inner-city retail, residential and commercial investment properties was based on the capitalisation of the net income earnings in perpetuity. The discounted cash flow method is not appropriate in these portfolios due to the short-term nature of the portfolio's leases.

If information on current or recent prices is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group used assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying management's estimation of fair value are those related to:

- The receipt of contracted rentals, expected future market rentals, lease renewals, maintenance requirements and appropriate discount and capitalisation rates.
- These valuations are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market.
- The expected future market rentals are determined with reference to current market rentals for similar properties in the same location and condition.

Insurance claim receivable:

Significant judgement is required in assessing the virtual certainty of the recoverability of insurance claims due to the riots and civil unrest. Although the Group is adequately insured for loss of assets and business interruption, the assessment of virtual certainty was supported by the insurer's validation of the progress in the claims assessment process, the payments received to date, market confidence provided regarding their commitment and financial ability to settle outstanding claims. Refer to note 13 for additional disclosure on the amounts and related accounting.

Other estimates and judgements include:

Rental concessions

In assessing whether there has been a change in the consideration agreed upon in the original lease agreement, the Group has considered the overall impact of the change in the rent payments and whether the change in consideration was part of the original terms and conditions of the lease. Both the terms and conditions of the original lease agreement and all relevant facts and circumstances were considered in the assessment of whether a lease modification exists. Where a concessionary discount has been granted, with no change in the scope of the lease, the Group has, in substance, waived part of the lease receivable. This is different to an agreement between the Group and the tenant to modify the lease agreement. The application of common law principles and government regulation has also contributed to the assessment that concessionary discounts are to be treated as an act of waiver of debt rather than a lease modification. Such waiver of debt has been accounted for by applying the derecognition requirements of IFRS 9, as detailed in note 4.1.1.

Where concessions were granted by the deferral of rent payments due, the deferred amount has not resulted in the alteration of the scope of the lease nor in the lease consideration. Deferrals are short-term in nature and do not include an additional interest charge. The Group has also assessed the deferrals as proportionate and as having an immaterial impact in the fair value of lease receivables when the time value of money is considered. As such, the deferral of rent payments has been treated as a non-modification of leases.

Provision for expected credit loss

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The Group adopted the simplified approach which recognises a lifetime ECL for trade receivables. The information about the ECL on the Group's trade receivables is disclosed in note 13. Management exercises judgement in the assessment of the credit risk for the measurement of the ECL.

1.6 Critical accounting estimates and judgements *continued*

The following information is taken into account when assessing the credit risk:

- The ECL rates are based on historical default expense and financial position of the counterparty that have similar loss patterns in the industrial, retail, residential and commercial tenant sectors.
- The provision matrix is initially based on the Group's historical observed default rates. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the tenant's actual default in the future. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The forward looking information includes, but is not limited to, inflation and GDP growth. At every reporting date, the historical observed default rates are updated and changes in the forward- looking estimates are analysed.
- The historical recoverability and financial viability of debt receivables are assessed to determine ECL.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be recoverable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables with which it has previously had a good repayment history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income.

Intangible asset

The Afhco Brand ("the Brand") fair value was determined using the Relief from Royalty method. The Brand was valued using a discount rate equal to the weighted average cost of capital and assumed an indefinite useful life. The indefinite useful life assumption is attributable to the relative strength, market recognition and the time in existence of the Brand. The Brand is assessed for impairment at the end of each reporting period.

Impairment is tested based on a discounted cash flow method over an indefinite period, using the Group's weighted average cost of capital as the discount rate and an assumed increase in net income based on the yield as at acquisition. The period over which projected cash flows is forecasted was 3 years, projected for a further 7 years. Due to the predictability of the net property income, which forms the basis of the cash flows used in determining the fair value of the intangible asset, a ten year time horizon is considered acceptable. In addition to this, a terminal value was calculated to determine the fair value.

Swap derivatives

The swap derivatives fair value is determined as the present value of the estimated future cash flows. Estimates of the future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources, which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The net interest is determined as the difference between the fixed agreed upon price and the variable rate. The variable rate is subject to market conditions. The credit risk of the instrument is used to determine the discount rate.

The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty. This is calculated based on credit spreads derived from current credit default swap or bond prices.

The fair value is calculated by discounting the future cash flows using the swap curve of the respective currencies at the dates when the cash flows will take place.

Investment in joint venture

Investment in Afhco JCO Holdings (Pty) Ltd (formerly known as Calgro M3 JCO Holdings (Pty) Ltd) was treated as a JV and was equity accounted for by the Group up to 9 November 2022. Despite the 90% share equity ownership by the Group up to 9 November 2022, management's assessment of the contractual agreement led to no control of the JV until 9 November 2022 when management acquired the remaining 10% of equity increasing ownership to 100%, from which point on it was accounted for as a subsidiary.

Functional currency

The Group is exposed to an equity accounted interest in property situated in Zambia, the functional currency of the foreign JVs is concluded as USD, despite the properties being situated in Zambia, as this is the currency of the primary economic environment in which these entities operate.

The following factors were considered in determining the currency of the primary economic environment:

- Rentals are invoiced in USD;
- Majority of the expenditure is incurred in USD. Labour and other operating costs are outsourced to Napoli Property Management, based on a percentage of revenue and this is paid in USD. All other major costs are also incurred in USD;
- Operational and development capital expenditure are also incurred in USD; and
- Financing is obtained in USD.

Foreign currency exchange rates used in converting USD to ZAR are:

- Spot on 31 December 2022 USD: R16.98 (2021: R15.94)
- Average USD: R16.35 (2021: R14.78)

2. NEW STANDARDS AND IFRIC INTERPRETATIONS

The aggregate impact of the initial application of the statements and interpretations on the Group's annual financial statements is expected to be as follows:

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.1.1. Asset or liability in a business combination clarity (Amendment to IFRS 3, 'Business combinations' (effective annual periods beginning on or after 1 January 2022))

The International Accounting Standard Board (IASB) has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.

In addition, the IASB added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.

The IASB has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 3 has not materially impacted the Group as it has applied IAS 37 where applicable and has not recognised any contingent assets from business combinations.

2.1.2. Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment' (effective annual reporting periods beginning on or after 1 January 2022))

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss. The amendment to IAS 16 has not materially impacted the Group as the Group has not undertaken sales of such nature in the current year.

2.1.3. Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (effective annual reporting periods beginning on or after 1 January 2022))

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract. The amendment to IAS 37 has no impact on the Group, as no costs to fulfil a contract are undertaken by the Group.

2.1.4. Annual improvements cycle 2018 - 2020 (Amendments to IFRS 9 and IFRS 16) (effective annual reporting periods beginning on or after 1 January 2022)

IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. The amendment has not had any material impact on the Group.

2.1.5. Interest rate benchmark reform ("IBOR") — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective annual reporting periods beginning on or after 1 January 2021))

The amendments in IBOR — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates ("IBORs") with alternative risk-free rates ("ARRs") to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. This reform is at various stages globally, and a suitable alternative for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group.

The Group is currently exposed to LIBOR through the USD27 million loan and interest rate swap, which are both to expire in 2024 and are linked to 3-month LIBOR. LIBOR is being replaced by the Secured Overnight Financing Rate (SOFR) on 30 June 2023, with the phase-out having commenced on 31 December 2021. The Group has fixed rates on the loan through a USD swap, therefore no material impact is anticipated for the Group as the movement in the base rate will be adjusted to a fixed rate, with minor differences. The transition to the new benchmark, SOFR ("Secured Overnight Financing Rate"), is assessed to have insignificant impact on these loans, due to the interest rate being 100% hedged through an interest rate swap agreement, with the net cost not expected to change by more than 0.026%. The Group anticipates the transition of the USD facility and interest rate swap to be completed by 30 June 2023.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

3. NEW STANDARDS AND INTERPRETATIONS IN ISSUE, BUT NOT YET EFFECTIVE:

Certain new accounting standards and IFRIC interpretations have been published that are applicable for future accounting periods. These new standards and interpretations have not been early adopted by the Group.

The amended and new standards and interpretations in issue, but not yet effective, that are relevant to the Group are::

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. Impact: The Group is compliant as the Group discloses accounting policies that are material, such as Investment Property and Borrowings accounting policies.
Definition of Accounting Estimates – Amendments to IAS 8	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. Impact: The Group has not been impacted at 31 December 2022.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published May 2021)	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • Right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. Impact: The Group will assess the impact on effective date.
Classification of Liabilities as Current or Non-current – Amendments to IAS 1, 'Presentation of Financial Statements'	Annual periods beginning on or after 1 January 2023 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). Impact: This amendment impacts the classification of the short-term portion of borrowings. The Group is currently compliant in this regard.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

4.1 Accounting policies objectives

4.1.1 Financial assets

The Group classifies its financial assets into one of the categories detailed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

4.1.1.1 Fair value through profit or loss

This category comprises swap derivatives and investment in listed shares. These assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Dividends received from investments in listed shares are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

4.1.1.2 Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses.

Refer to table on "Categories of financial instruments 2022" for those assets measured at amortised cost.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.1.2 Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

4.1.2.1 Fair value through profit or loss

This category comprises only swap derivatives.

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. Other than these swap derivatives, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

At each reporting date the liability is re-measured at fair value, where the fair value adjustments are recognised in the profit or loss for the year.

4.1.2.2 Financial liabilities at amortised cost

Interest bearing borrowings

All loan and borrowings are initially recognised at fair value net of transaction cost directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. This means that interest expense is charged at a constant rate on the outstanding capital balance at the financial statement reporting date over the period of repayment.

Trade and other payables

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease agreement, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is utilised.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.1 Accounting policies objectives *continued*

4.1.3 Derivatives

The Group does not apply hedge accounting in accordance with IFRS 9 Financial Instruments. Derivative financial assets and liabilities are classified as financial assets or liabilities at fair value through profit or loss ("FVTPL"). Derivative financial assets and liabilities comprise mainly interest rate swaps and cross-currency swaps. Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value. Directly attributable transaction costs are recognised immediately in profit or loss. Gains or losses on derivatives are recognised in profit or loss in the changes in fair values in the FVTPL line item.

4.1.4 Equity instruments

Any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

4.2 Fair value

4.2.1 Fair value of financial assets and liabilities that are measured at fair value on a recurring basis:

The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs, other quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data i.e. unobservable inputs.

4.2.2 Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, loans, borrowings and lease liabilities. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

4.2.3 Details of valuation techniques

The valuation techniques used in measuring fair values at 31 December 2022 for financial instruments and investment property measured at fair value in the statement of financial position, as well as the significant unobservable inputs used are disclosed in note 5. There has been no significant changes in valuation techniques and inputs since 31 December 2021.

4.3 Expected credit losses

For the purpose of impairment assessment for tenant accruals relating to recoveries and turnover rental not yet billed, as well as sundry debtors, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL for these assets, the directors of the Group have taken into account the historical default experience and the financial position of the counterparties. Management has assessed the recoverability of each financial asset, excluding trade receivables, based on historical default experience and where there is significant increase in credit risk regardless of historical defaults or history, ECL has been raised. The other receivables and loans are also guaranteed by properties and other assets and hence should the counter party default, the Group will not incur a loss. Refer to note 13 for further details.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised separately in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be recoverable, the gross carrying value of the asset is written off against the associated provision.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Categories of financial instruments:

2022		Financial instruments					
		Derivative	Non-derivative				
R 000	Fair value measurement	FVTPL	FVTPL	Amortised cost	Equity instrument	Total	ECL assessment note reference
Non-current assets							
Investment in listed shares	Level 1	–	52 993	–	–	52 993	11
Other financial assets		–	–	651	–	651	11
Swap derivatives	Level 2	36 848	–	–	–	36 848	
		36 848	52 993	651	–	90 492	
Current assets							
Investment in listed shares	Level 1	–	116 000	–	–	116 000	11
Other financial assets		–	–	13 417	–	13 417	11
Swap derivatives	Level 2	150 514	–	–	–	150 514	
Trade receivables		–	–	68 160	–	68 160	13
Other receivables		–	–	315 488	–	315 488	13
Cash and cash equivalents		–	–	180 019	–	180 019	14
		150 514	116 000	577 084	–	843 598	
Total assets		187 362	168 993	577 735	-	934 090	
Equity							
Share capital and reserves		–	–	–	10 320 812	10 320 812	
Liabilities							
Non-current liabilities							
Lease liabilities		–	–	11 253	–	11 253	
Interest-bearing borrowings		–	–	6 395 662	–	6 395 662	
Swap derivatives	Level 2	222	–	–	–	222	
		222	–	6 406 915	–	6 407 137	
Current liabilities							
Lease liabilities		–	–	5 341	–	5 341	
Swap derivatives	Level 2	177 865	–	–	–	177 865	
Interest-bearing borrowings		–	–	40 917	–	40 917	
Trade and other payables		–	–	531 157	–	531 157	
		177 865	–	577 415	–	755 280	
Total liabilities		178 087	–	6 984 330	–	7 162 417	
Total equity and liabilities		178 087	-	6 984 330	10 320 812	17 483 229	

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Categories of financial instruments:

2021		Financial instruments					
		Derivative	Non-derivative				
R 000	Fair value measurement	FVTPL	FVTPL	Amortised cost	Equity instrument	Total	ECL assessment note reference
Non-current assets							
Investment in listed shares	Level 1	–	162 871	–	–	162 871	11
Other financial assets		–	–	2 396	–	2 396	11
Loan to JVs		–	–	142 727	–	142 727	6
Swap derivatives	Level 2	117 342	–	–	–	117 342	
		117 342	**162 871**	**145 123**	**–**	**425 336**	
Current assets							
Other financial assets		–	–	25 405	–	25 405	11
Swap derivatives	Level 2	8 054	–	–	–	8 054	
Trade receivables		–	–	73 264	–	73 264	13
Other receivables		–	–	341 298	–	341 298	13
Cash and cash equivalents		–	–	211 327	–	211 327	14
		8 054	**–**	**651 294**	**–**	**659 348**	
Total assets		**125 396**	**162 871**	**796 417**	**–**	**1 084 684**	
Equity							
Share capital and reserves		–	–	–	10 066 363	10 066 363	
Liabilities							
Non-current liabilities							
Lease liabilities		–	–	15 084	–	15 084	
Interest-bearing borrowings		–	–	6 150 304	–	6 150 304	
Swap derivatives	Level 2	220 935	–	–	–	220 935	
		220 935	**–**	**6 165 388**	**–**	**6 386 323**	
Current liabilities							
Lease liabilities		–	–	6 289	–	6 289	
Swap derivatives	Level 2	118 866	–	–	–	118 866	
Interest-bearing borrowings		–	–	39 361	–	39 361	
Trade and other payables		–	–	433 798	–	433 798	
		118 866	**–**	**479 448**	**–**	**598 314**	
Total liabilities		**339 801**	**–**	**6 644 836**	**–**	**6 984 637**	
Total equity and liabilities		**339 801**	**–**	**6 644 836**	**10 066 363**	**17 051 000**	

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4 Risk Management

The Group's financial risk management objective is to manage the capital and financial risk exposure so that it continues as a going concern and minimises adverse effects. In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. In order to manage these risks, the Group may use derivative instruments. The Group does not speculate in or engage in the trading of derivative instruments.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Group has exposure to the following risks of financial instruments:

- Liquidity risk
- Market risk
  - Foreign currency risk
  - Interest rate risk
  - Capital risk
- Credit risk

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Financial instruments: 2022	Financial instruments R 000	Credit risk R 000	Liquidity risk R 000	Foreign currency risk R 000	Interest rate risk R 000	Price risk R 000	Capital risk R 000
Non-current assets							
Investments in listed shares	52 993	52 993	–	–	–	52 993	–
Other financial assets	651	651	–	–	651	–	–
Swap derivatives	36 848	36 848	–	13 077	36 848	–	–
	90 492	90 492	–	13 077	37 499	52 993	–
Current assets							
Investments in listed shares	116 000	116 000	–	–	–	116 000	–
Other financial assets	13 417	13 417	–	–	13 417	–	–
Swap derivatives	150 514	150 514	–	137 785	150 514	–	–
Trade receivables	68 160	68 160	–	–	68 160	–	–
Other receivables	315 488	315 488	–	–	315 488	–	–
Cash and cash equivalents	180 019	180 019	–	–	180 019	–	180 019
	843 598	843 598	–	137 785	727 598	116 000	180 019
Total financial assets	934 090	934 090	–	150 862	765 097	168 993	180 019
Equity							
Share capital and reserves	–	–	–	–	–	–	10 320 812
Liabilities							
Non-current liabilities							
Lease liabilities	11 253	–	11 253	–	11 253	–	–
Interest-bearing borrowings	6 395 662	–	6 395 662	465 835	6 395 662	–	6 395 662
Swap derivatives	222	–	222	–	222	–	–
	6 407 137	–	6 407 137	465 835	6 407 137	–	6 395 662
Current liabilities							
Lease liabilities	5 341	–	5 341	–	5 341	–	–
Trade and other payables	531 157	–	531 157	–	531 157	–	–
Interest-bearing borrowings	40 917	–	40 917	–	40 917	–	40 917
Swap derivatives	177 865	–	177 865	172 634	177 865	–	–
	755 280	–	755 280	172 634	755 280	–	40 917
Total financial liabilities	7 162 417	–	7 162 417	638 469	7 162 417	–	6 436 579
Total equity and liabilities	7 162 417	–	7 162 417	638 469	7 162 417	–	16 757 391

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Financial instruments: 2021	Financial instruments R 000	Credit risk R 000	Liquidity risk R 000	Foreign currency risk R 000	Interest rate risk R 000	Price risk R 000	Capital risk R 000
Non-current assets							
Investments in listed shares	162 871	162 871	–	–	–	162 871	–
Other financial assets	2 396	2 396	–	–	2 396	–	–
Loan to JVs	142 727	142 727	–	–	142 727	–	–
Swap derivatives	117 342	117 342	–	117 342	117 342	–	–
	425 336	425 336	–	117 342	262 465	162 871	–
Current assets							
Other financial assets	25 405	25 405	–	–	25 405	–	–
Swap derivatives	8 054	8 054	–	8 054	8 054	–	–
Trade receivables	73 264	73 264	–	–	73 264	–	–
Other receivables	341 298	341 298	–	–	341 298	–	–
Cash and cash equivalents	211 327	211 327	–	–	211 327	–	211 327
	659 348	659 348	–	8 054	659 348	–	211 327
Total financial assets	1 084 684	1 084 684	–	125 396	921 813	162 871	211 327
Equity							
Share capital and reserves	–	–	–	–	–	–	10 066 363
Liabilities							
Non-current liabilities							
Lease liabilities	15 084	–	15 084	–	15 084	–	–
Interest-bearing borrowings	6 150 304	–	6 150 304	432 784	6 150 304	–	6 150 304
Swap derivatives	220 935	–	220 935	162 192	220 935	–	–
	6 386 323	–	6 386 323	594 976	6 386 323	–	6 150 304
Current liabilities							
Lease liabilities	6 289	–	6 289	–	6 289	–	–
Trade and other payables	433 798	–	433 798	–	433 798	–	–
Interest-bearing borrowings	39 361	–	39 361	–	39 361	–	39 361
Swap derivatives	118 866	–	118 866	118 866	118 866		–
	598 314	–	598 314	118 866	598 314	–	39 361
Total financial liabilities	6 984 637	–	6 984 637	713 842	6 984 637	–	6 189 665
Total equity and liabilities	6 984 637	–	6 984 637	713 842	6 984 637	–	16 256 028

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4.1 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim it seeks to maintain cash balances and agreed facilities to meet expected requirements for a period of at least 3 months. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long term borrowings this is further discussed in the 'interest rate risk' section below.

The liquidity risk of each Group entity is managed centrally by the Group's treasury function. Each operating unit within the Group has operational cash requirements based on the approved budgets. The budgets are set locally and agreed by the Board in advance enabling the Group's cash requirements to be anticipated. Where operational cash requirements of Group entities need to be increased, approval must be sought from the Chief Financial Officer.

The repayment profile does not take into account refinancing in respect of interest-bearing borrowings and is reflective of the known obligations as at 31 December 2022.

	2022 R 000	2021 R 000
Repayment profile		
Trade and other payables[1]	**572 959**	433 798
Lease liabilities	**1 084**	–
Swap derivatives	**52 558**	40 278
Interest on interest-bearing borrowings	**142 332**	84 433
Three months or less	**768 933**	558 509
Swap derivatives	**(25 208)**	72 036
Interest on interest-bearing borrowings	**426 995**	269 862
Lease liabilities	**5 730**	9 322
Between three months and one year	**407 517**	351 220
Interest-bearing borrowings [2]	**6 404 924**	6 150 304
Swap derivatives	**(36 625)**	102 626
Interest on interest-bearing borrowings	**1 196 082**	579 230
Lease liabilities	**13 654**	19 543
Between one and five years	**7 578 035**	6 851 703
Lease liabilities	**10 245**	1 144
More than five years	**10 245**	**1 144**

(1) Excluding accrued interest and VAT.

(2) The Group renegotiated the repayment terms on interest-bearing borrowings, resulting in an increase in tenor to 2024 and later. Therefore, there are no short-term interest-bearing borrowings.

The Group expects to meet its obligations from operating cash flows and existing facilities as detailed in note 17. The liquidity risk profile in respect of contingent liabilities is disclosed in note 36.

For the year ended 31 December 2022

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4.2 Market Risk

Foreign currency risk management
The Group is exposed to foreign currency fluctuations through its foreign denominated interest-bearing borrowings and the investments in the Zambian JV.

The foreign currency risk is partially off-set by the interest-bearing borrowings and cross-currency interest rate swaps which are denominated in the same exchange rate.

Foreign currency sensitivity analysis
The Group is mainly exposed to the US Dollar currency. The following table details the Group's sensitivity to a 5% (2021: 5%) fluctuation in the Rand against the US Dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

A positive number below indicates an increase in profit or equity where the Rand strengthens against the USD. For a weakening of the Rand against the USD, there would be a comparable negative impact on the profit or equity.

	2022 R 000	**2021 R 000**
Profit or loss on financial assets and liabilities	**41 798**	21 979
Profit or loss on derivatives	**(2 547)**	(7 000)
Profit	**39 251**	14 979

Interest rate risk
The Group is exposed to interest rate risk through its variable rate cash balances, receivables, payables and interest-bearing borrowings. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, monitoring cash flows and investing surplus cash at negotiated rates. The Group enters into interest rate swap contracts, from time to time, for the purposes of cash flow hedging. The Group does not apply hedge accounting.

Interest rate sensitivity analysis
The sensitivity analysis is based on the exposure to interest rates at the reporting date. For floating rate assets and liabilities, the analysis assumes that the amount of asset or liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point fluctuation is used, it represents management's reasonable assessment of the possible change in interest rates. If interest rates were 50 basis points higher or lower and all other variables were constant, the Group's net profit for the year ended 31 December 2022 would fluctuate by R9.1 million (2021: R6.6 million).

Price risk sensitivity analysis
Price sensitivity is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to price risk through its investment in listed property shares.

The following sensitivity analysis has been prepared using a sensitivity rate which is used when price risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At 31 December 2022, if the listed price of these financial assets had been 5% higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R8.4 million (2021: R8.1 million) higher or lower. Refer to note 11 for further details.

4.4.3 Capital risk management

The Group's capital comprises shareholders' equity and interest-bearing borrowings. Capital is actively managed to ensure that the Group is adequately capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of its stakeholders.

The Group has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analysis of forecasts, that the Group's capital is managed.

Specifically, the Group has adopted the following capital management policies:

- Maintenance, as a minimum, of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary.
- Maintenance of an appropriate level of liquidity at all times. The Group further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts and any strategic initiatives.
- Maintenance of an appropriate level of issued shares based on approval from the shareholders and the Board

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

4.4.3 Capital risk management *continued*

The Group has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

The Group's capital risk management strategy has remained unchanged from the prior year.

Gearing ratio:

The Group's Audit and Risk Committee reviews the capital structure 3 times a year. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group limits its borrowing capacity inclusive of its guarantees to 50% (2021: 50%) of the total property investment as per the lenders' covenant requirements. The Board has however elected to impose a debt funding limit of 40% without guarantees to align itself with the Group's long-term strategic objectives and risk tolerance level.

	2022 R 000	2021 R 000
The debt to total investment portfolio ratio at the year-end was as follows:		
Debt (nominal value)	**6 404 924**	6 150 304
Total investment portfolio [1]	**16 505 510**	16 001 872
Gearing ratio	**38.80%**	38.43%

(1) Total property investments includes investment property (at valuation), property under development, properties classified as held for sale, JVs and listed property share investments.

4.4.4 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk with regard to trade and other receivables is minimised by the large and diverse tenant base, spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to any single tenant counterparty.

Management has established a credit policy in terms of which each new tenant is individually analysed for credit worthiness before the Group's standard payment terms and conditions are offered which include a provision of a deposit. Management monitors the financial position of its tenants on an ongoing basis.

Further disclosures regarding trade and other receivables are provided in note 13.

Credit risk attached to the Group's cash and cash equivalents is minimised by its cash resources being placed in money market investments with several financial institutions of high credit standing, in terms of pre-determined exposure limits. Exposure limits and underlying money market exposures are assessed bi-annually and reviewed by the Audit and Risk Committee to limit concentration to a single institution and to monitor the risks associated with the underlying money market exposures.

2022	Rating	Cash at bank	Short term deposits	Total
		R 000	R 000	R 000
FirstRand Bank Limited	**AA**	**80 051**	**–**	**80 051**
Investec Bank Limited [1]	**AA**	**–**	**6 300**	**6 300**
Nedbank Limited [1]	**AA**	**–**	**93 668**	**93 668**
		80 051	**99 968**	**180 019**

2021	Rating	Cash at bank	Short term deposits	Total
		R 000	R 000	R 000
Absa Bank Limited [1]	AA	418	–	418
FirstRand Bank Limited	AA	61 026	–	61 026
Investec Bank Limited [1]	AA	–	45 154	45 154
Nedbank Limited [1]	AA	63 215	41 514	104 729
		124 659	86 668	211 327

(1) The credit ratings reflected are in respect of the institutions where the money market accounts are held, on a look through basis 1.2% (2021: Nil %) of the funds were held at institutions with AA- ratings, 32.6% (2021: 69%) of the funds were held at institutions with AA ratings, 43.7% (2021: Nil%) was held at institutions with AA+ ratings, 25.2% (2021: 31%) was held at institutions with AAA ratings. At 31 December 2022 the group had R0.6 million (2021: R 81.9 million) on deposit in money market accounts.

5. INVESTMENT PROPERTY

Investment properties are properties held to earn rentals, and/or appreciation in capital value. It excludes properties occupied by the Group and includes developments and properties being constructed for future use as investment property. The majority of the buildings are located on land owned by the Group, but there are certain buildings situated on long-term operating leases (refer to note 10).

Properties under development comprise the cost of the land and development, and are measured at fair value. Fair value is based on the costs incurred up to the date of the valuation. Undeveloped land is valued in terms of the internationally accepted and preferred method of comparison. This involves the use of recent comparable transactions as a basis for the valuation. Bulk rates are determined for land that has been zoned. If the fair value cannot be reasonably determined, it is stated at cost and is not depreciated.

Investment properties are initially recognised at the purchase cost, including transaction costs on acquisition, and are revalued to their fair value at the end of each reporting date. Gains or losses arising from changes in the fair values are reflected in profit or loss and are excluded in determining the distributable income. Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the properties (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the properties are derecognised.

Investment properties leased out under operating leases are reflected as investment properties on the statement of financial position. Where there are fixed increments in rental, the income is recognised on a straight-line basis in accordance with IFRS 16 Leases. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease obligation.

Deferred expenses comprise tenant installation costs and letting commissions which are amortised on a straight-line basis over the lease period to which they relate. The tenant installations and letting commissions are separately disclosed in this note. As at date of disposal, the unamortised deferred expense is included in the capital profit or loss of the property.

Borrowing costs:
Where the Group undertakes a major development or refurbishment of its investment property, interest is capitalised to the cost of the property concerned during the construction period. Capitalisation is suspended during periods in which active development is interrupted. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

For the year ended 31 December 2022

5. INVESTMENT PROPERTY *CONTINUED*

R 000	At valuation	Straight line rental adjustment	Property under development	Total
Opening balance at 1 January 2022	**12 790 605**	**(354 458)**	**1 239 113**	**13 675 260**
Acquisitions and improvements [1]	**691 404**	**–**	**112 306**	**803 710**
Capitalised interest [2]	**2 206**	**–**	**3 409**	**5 615**
Disposals	**(88 844)**	**–**	**–**	**(88 844)**
Fair value adjustment[3]	**55 155**	**36 847**	**(108 152)**	**(16 150)**
Transfer from property under development	**838 218**	**–**	**(838 218)**	**–**
Transfer to property, plant and equipment [4]	**(23 228)**	**–**	**–**	**(23 228)**
Transfer to properties classified as held for sale [5]	**(280 708)**	**1 306**	**(3 854)**	**(283 256)**
Closing balance at 31 December 2022	**13 984 808**	**(316 305)**	**404 604**	**14 073 107**
Opening balance at 1 January 2021	13 698 560	(270 109)	1 224 674	14 653 125
Acquisitions and improvements	161 712	–	115 315	277 027
Capitalised interest [2]	2 112	–	13 320	15 432
Disposals	(135 485)	–	–	(135 485)
Fair value adjustment [3]	(329 138)	(71 484)	(101 392)	(502 014)
Transfer from property under development	3 500	–	(3 500)	–
Transfer to properties classified as held for sale [5]	(610 656)	(12 865)	(9 304)	(632 825)
Closing balance at 31 December 2021	12 790 605	(354 458)	1 239 113	13 675 260

	2022 R 000	2021 R 000
Letting commissions and tenant installations		
Carrying value at the beginning of the year	**33 445**	42 871
Amortisation during the year	**(21 903)**	(21 394)
Additions during the year	**27 556**	12 681
Transfers to property classified as held for sale [5]	**(256)**	(713)
Carrying value at the end of the year	**38 842**	33 445
Non-current assets	**21 695**	18 130
Current assets	**17 147**	15 315
	38 842	33 445

(1) Included in this amount is R347.1 million which relates to the step-acquisition of The Falls Lifestyle Estate.
(2) Refer to note 29.
(3) Included in this amount is R27.3 million (2021: R252.3 million) relating to the impairment of investment property as a result of the civil unrest.
(4) This relates to the transfer of owner-occupied property. Refer to note 8.
(5) As detailed in note 15.

Market values of investment properties are not available from observable market data. Investment properties are therefore valued as detailed below in terms of level 3 valuation techniques as set out by IFRS 13 (see note 4.2.1).

Details of valuation techniques
The valuation techniques used in measuring fair values at 31 December 2022 for financial instruments and investment property measured at fair value in the statement of financial position, as well as the significant unobservable inputs used are disclosed below. There has been no significant changes in valuation techniques and inputs since 31 December 2021.

An independent external valuator (Quadrant Properties) was appointed to conduct the Group's December 2022 property valuations. The Group provided the valuer with information relating to properties required in the valuation. Among other inputs, the independent valuer applied current market-related assumptions to the risks in rental streams of properties. Once the valuations had been completed by the independent valuers, it was reviewed internally and approved by the board of directors. The valuer is a registered valuer in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000). Quadrant Properties performed the valuation of investment properties for both the current year as well as the previous year and applied valuation techniques that are constant with those applied in the previous year. The valuer has appropriate qualifications and experience in the valuation of properties in the relevant locations. The independent valuer's details are as follows: Quadrant Properties, P. Parfitt, NDip (Prop Val), MRICS, Professional Valuer.

For the year ended 31 December 2022

5. INVESTMENT PROPERTY *CONTINUED*

Valuation methodology

The valuation of all revenue producing real estate is calculated by determining future contractual and market related net income streams, as well as a terminal realisation value for the property and discounting this income stream to calculate a net present value. This is performed over a ten-year period in order to reasonably revert all cash flow to a market-related rate. The terminal value (residual value) is calculated by capitalising the eleventh year's net revenue and discounting this value to present. The discount rate is determined as a forward yield rate (capitalisation rate) and a risk is added to it (as related to the nature and contracts of the property) and forward growth rate associated with the cash flow as related to the market. There are reasonable market observable transactions to support the capitalisation rate, growth rate and risk considerations as applied. South African Property Owners' Association ("SAPOA") also publishes data tables on which these assumptions may be benchmarked. Adjustments are made to the present value calculated, to adjust for immediate capital expenditure requirements, as would be reasonably considered between a willing buyer and a willing seller.

Residential property is not subject to long-term leases, as such discounted cash flows cannot be performed, and the valuation is determined as a function of current rental streams and the capitalisation rate ("cap rate").

The valuation was approved on 6 February 2023 by the Board of Directors.

Unobservable Inputs as considered in December 2022 valuation report

	Retail [1]	Commercial	Industrial	Residential
Expected market rental growth rate	4.80%	4.20%	4.50%	4.50%
Occupancy rate	96.80%	82.30%	99.30%	97.10%
Vacancy periods	0 - 6 months	0 - 12 months	0 - 2 months	0 - 2 months
Rent free periods	0 - 2 months	0 - 4 months	0 - 1 month	0 - 1 month
Discount rates	14.00% - 16.00%	15.25% - 17.00%	13.00% - 16.50%	N/A
Capitalisation rates	8.50% - 10.50%	9.75% - 11.50%	8.00% - 11.25%	8.00% - 12.00%
Exit capitalisation rates	8.75% - 11.75%	10.00% - 12.00%	8.75% - 12.00%	N/A
Expected expense growth - municipal	8.80%	8.90%	8.20%	7.30%
Expected expense growth - controllable	5.30%	4.40%	3.80%	4.60%
Valuation method	Discounted cash-flow	Discounted cash-flow	Discounted cash-flow	Capitalisation of net income earnings

Unobservable Inputs as considered in December 2021 valuation report

	Retail [1]	Commercial	Industrial	Residential
Expected market rental growth rate	4.80%	-3.30%	3.75%	0.80%
Occupancy rate	93.00%	82.00%	94.00%	92.00%
Vacancy periods	0 - 6 months	0 - 12 months	0 - 3 months	0 - 2 months
Rent free periods	0 - 2 months	0 - 4 months	0 - 1 month	0 - 1 month
Discount rates	13.75% - 16.00%	15.00% - 17.00%	13.75% - 17.00%	N/A
Capitalisation rates	8.50% - 10.50%	9.75% - 11.50%	8.25% - 11.50%	9.00% - 11.75%
Exit capitalisation rates	8.75% - 11.75%	10.00% - 12.00%	8.75% - 12.00%	N/A
Expected expense growth - municipal	8.60%	8.60%	8.00%	7.20%
Expected expense growth - controllable	5.25%	4.25%	3.40%	4.00%
Valuation method	Discounted cash-flow	Discounted cash-flow	Discounted cash-flow	Capitalisation of net income earnings

[1] Includes storage.

Certain properties are subject to mortgage bonds in favour of lenders as detailed in note 17.

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For the year ended 31 December 2022

5. INVESTMENT PROPERTY *CONTINUED*

The following table analyses the investment properties that are measured at fair value subsequent to initial recognition.

	2022 R 000	2021 R 000
Investment properties		
At valuation	**13 984 808**	12 790 605
Property under development	**404 604**	1 239 113
Held for disposal	**746 025**	939 407
	15 135 437	14 969 125

Management has reviewed the methodology and assumptions and are satisfied that the valuations are representative of the current and projected portfolio performance.

Valuations of investment properties are sensitive to changes of inputs used in determining their fair value. The table below illustrates the sensitivity in fair value to changes of unobservable inputs, whilst holding the other inputs constant. The sensitivity analysis is based on the exposure to the discount rates, growth rates, cap rate and vacancy rates at the reporting date which is the most sensitive variable in determining the valuation.

Sensitivity of fair values to changes in unobservable inputs
A 50 basis points increase or decrease in the discount rate and a 100 basis points increase or decrease in cap rates represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

	Capitalisation rate 2022		
	(1.0%) R 000	Current R 000	1.0% R 000
Discount rate			
(0.50%)	**16 011 737**	**15 459 848**	**15 011 857**
Current	**15 648 687**	**15 135 437**	**14 691 635**
0.50%	**15 302 384**	**14 796 555**	**14 385 952**

	Capitalisation rate 2021		
	(1.0%) R 000	Current R 000	1.0% R 000
Discount rate			
(0.50%)	16 274 961	15 292 504	14 410 929
Current	15 928 801	14 969 125	14 106 013
0.50%	15 596 579	14 658 833	13 813 319

For the year ended 31 December 2022

5. INVESTMENT PROPERTY *CONTINUED*

A 100 basis points increase or decrease in growth rates represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

	Growth rate 2022			
Sector	**Weighted growth rate**	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
Industrial	**4.20%**	**3 381 010**	**3 512 530**	**3 691 272**
Retail	**5.10%**	**6 579 513**	**6 848 294**	**7 231 305**
Commercial	**1.30%**	**264 118**	**276 918**	**291 368**
Afhco	**N/A**	**–**	**–**	**–**

	Growth rate 2021			
Sector	**Weighted growth rate**	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
Industrial	5.37%	3 385 304	3 525 080	3 723 535
Retail	5.45%	6 221 958	6 497 205	6 869 956
Commercial	5.50%	296 343	309 500	327 834
Afhco	N/A	–	–	–

A 100 basis points increase or decrease in the vacancy rates represents management's reasonable assessment of the possible change in market rates which will have the following impact on the investment property value:

	Vacancy rate 2022			
Sector	**Weighted vacancy rate**	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
Industrial	**1.00%**	**3 571 400**	**3 512 530**	**3 440 200**
Retail	**3.30%**	**6 968 523**	**6 848 294**	**6 706 253**
Commercial	**7.10%**	**286 318**	**276 918**	**270 018**
Afhco	**4.10%**	**4 573 355**	**4 497 695**	**4 335 655**

	Vacancy rate 2021			
Sector	**Weighted vacancy rate**	**(1.0%) R 000**	**Current R 000**	**1.0% R 000**
Industrial	1.64%	3 576 624	3 525 080	3 446 550
Retail	3.98%	6 590 700	6 497 205	6 346 594
Commercial	3.54%	313 867	309 500	302 796
Afhco	1.81%	4 678 999	4 637 340	4 449 399

Between December 2021 and December 2022, there has been a small widening in discount and capitalisation rates. Zambian discount rates have increased to ensure a more prudent valuation of these assets. The wider cap and discount rates used in our valuations, which is the input having the biggest impact on valuations, is the single most important contributing factor to the conservatism of our valuations. Although SA Corporate's portfolio rental growth prospects are improving, the independent valuer in taking a long-term view has not made significant changes to these assumptions as is the case with vacancy, bad debt, escalation and reversion assumptions. The only improvement in value per square metre is from the Industrial portfolio.

All the above adjustments resulted in a net increase in the valuation of investment property.

For the year ended 31 December 2022

6. INVESTMENT IN JOINT ARRANGEMENTS

The Group has multiple joint arrangements, including investments in JVs and joint operations. In the JV arrangements the owners provide unanimous consent in the decision making which drives the profitability of the arrangements. In the joint operations, the owners have a direct right to the asset and obligation in respect of the liability, namely the investment property and shareholders loan. By contrast, in the JVs, the owners have a right to the net assets of the business, which is generally indicated when the owners have a joint shareholding in a property holding company.

All joint arrangements are strategic to the Group's activities.

Joint operations

Jointly controlled operations are accounted for by including the Group's share of the jointly controlled assets, liabilities, revenues and expenses on a line-by-line basis in the financial statements from the date that joint control commences until the date that joint control ceases. The Group accounts for these assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS 11 Joint Arrangements.

Details of the Group's material joint operations at the end of the reporting period are as follows:

		Portion of ownership		Distribution share	
		2022	2021	2022	2021
Name of joint operation	Place of incorporation and principal place of business	%	%	R 000	R 000
Umlazi Mega City	Durban, KwaZulu-Natal, South Africa	**75%**	75%	**18 236**	64 396
50 Griffiths Mxenge Highway	Durban, KwaZulu-Natal, South Africa	**75%**	75%	**2 486**	823
Stellenbosch Square [1]	Stellenbosch, Western Cape, South Africa	**0%**	0%	**–**	11 204

[1] In 2021, the Group interest in Stellenbosch Square was sold to the co-owner.

These jointly controlled operations are not in separate legal entities, but are governed by co-owner agreements, which stipulate the right to the assets and obligation to the liabilities.

The reconciliation of the summarised financial information set out below is based on the joint arrangement in full and not the Group's ownership thereof.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

2022 R 000	Umlazi Mega City	50 Griffiths Mxenge Highway	Stellenbosch Square
Non-current assets	**792 151**	**48 436**	**–**
Current assets	**51 924**	**5 728**	**–**
Total assets	**844 075**	**54 164**	**–**
Non-current liabilities	**(312 819)**	**(44 627)**	**–**
Current liabilities	**(311 616)**	**(207)**	**–**
Total liabilities	**(624 435)**	**(44 834)**	**–**
Revenue	**136 360**	**4 756**	**–**
Profit from joint operations	**105 377**	**5 733**	**–**

2021 R 000	Umlazi Mega City	50 Griffiths Mxenge Highway	Stellenbosch Square
Non-current assets	742 927	42 937	–
Current assets	51 330	1 094	–
Total assets	794 257	44 031	–
Non-current liabilities	(279 554)	(45 838)	–
Current liabilities	(319 377)	(3 634)	–
Total liabilities	(598 931)	(49 472)	–
Revenue	114 494	4 027	11 319
(Loss)/profit from joint operations	(72 842)	(1 837)	8 211

Joint ventures
The Group accounts for the investments in JVs using the equity method. The JV is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the JV.

Foreign joint ventures
The Group has 50% ownership in the Mauritian legal entities, which have 99.9% ownership in the Zambian entities. The principal place of business is Lusaka, Zambia.

The currency of the primary economic environment in which the foreign JVs operate in is the Zambian Kwacha. Management has however applied its judgement and concluded that the functional currency is USD based on the following factors:

(i) The rentals charged are mainly USD linked with a small proportion in Zambian Kwacha.
(ii) Most of the cash is retained in USD.
(iii) Most of the expenses are determined and paid in USD.
(iv) A greater proportion of the funding used is USD denominated.
(v) The original and subsequent acquisitions and the respective yields are USD denominated.

Foreign currency exchange rates used in converting US Dollar to ZAR are:
Spot on 31 December 2022 USD: R16.98 (2021: R15.94)
Average USD: R16.35 (2021: R14.78)

Local joint ventures
The fair value of the identifiable assets, liabilities, revenue and profit or loss are shown below. This is representative of 100% of the respective entities and not the Group's ownership thereof.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

Details of the Group's material JVs are as follows:

	Foreign JV			Local JV	
2022 **R 000**	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM & C Mauritius Limited [(1)]**	**Afhco JCO Holdings (Pty) Ltd [(2)]**	**Total**
Non-current assets	223 103	2 138 504	1 127 011	–	3 488 618
Current assets	13 092	642 245	35 784	–	691 121
Total assets	236 195	2 780 749	1 162 795	–	4 179 739
Non-current liabilities	13 034	641 691	248 092	–	902 817
Current liabilities	6 380	312 220	43 416	–	362 016
Total liabilities	19 414	953 911	291 508	–	1 264 833
Net assets	216 781	1 826 838	871 287	–	2 914 906
Non-controlling Interest	–	–	(235 248)	–	(235 248)
Net assets attributable to shareholders	216 781	1 826 838	636 039	–	2 679 658
Revenue	23 083	207 852	45 536	24 764	301 235
Profit/(loss) from JVs	8 419	391 947	304 699	(9 623)	695 442
Fair value movement in investment property included in profit/(loss) above	(8 831)	325 493	267 312	3 170	587 144
Reconciliation of the above summarised information					
Net assets of the JV	216 781	1 826 838	636 039	–	2 679 658
Proportion of the Group's ownership interest in the JVs	50%	50%	50%	90%	
	108 390	913 419	318 020	–	1 339 829
Impairment of JV	–	–	(138 751)	–	(138 751)
Carrying amount of the Group's interest in JVs	108 390	913 419	179 269	-	1 201 078

	Foreign JV			Local JV	
2022 **R 000**	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM & C Mauritius Limited [(1)]**	**Afhco JCO Holdings (Pty) Ltd [(2)]**	**Total**
Non–current assets					
Investment property	212 289	2 083 317	1 090 099	–	3 385 705
Furniture and equipment	440	1 111	26 419	–	27 970
Rent receivable – straight–line rent adjustment	1 899	10 417	13 036	–	25 352
Capital work in progress	1 363	43 660	22 968	–	67 991
Deferred taxation	–	–	–	–	–
Current assets					
Cash and cash equivalents	11 228	73 640	21 236	–	106 104
Rent receivable – straight–line rent adjustment	165	1 584	738	–	2 487
Non–current liabilities					
Shareholder loan	–	60 201	–	–	60 201
Non–current lease straight–line rent adjustment	2 064	12 001	1 085	–	15 150
Interest–bearing borrowings	–	842 215	127 373	–	969 588
Finance charges					
Finance cost	–	(12 907)	–	(24 688)	(37 595)
Finance income	–	–	–	430	430

(1) In December 2022, Premier LM & C Mauritius Limited through its subsidiary LM&C Properties Limited, acquired 59.9% of a listed investment in Zambia.

(2) On 9 November 2022 the Group increased its shareholding in Afhco JCO Holdings (Pty) Ltd from 90% to 100%, and consolidated the entity from the aforementioned date.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

	Foreign JVs			Local JV	
2021 **R 000**	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM & C Mauritius Limited**	**Afhco JCO Holdings (Pty) Ltd**	**Total**
Non-current assets	215 786	1 609 833	446 865	129 602	2 402 086
Current assets	1 340	155 952	8 057	23 399	188 748
Total assets	217 126	1 765 785	454 922	153 001	2 590 834
Non-current liabilities	12 208	160 488	(20 229)	–	152 467
Current liabilities	7 039	418 938	119 636	166 382	711 995
Total liabilities	19 247	579 426	99 407	166 382	864 462
Revenue	15 964	95 785	37 415	–	149 164
(Loss)/profit from JVs	(38 820)	(60 365)	38 029	(9 973)	(69 197)
Fair value movement in investment property included (loss)/profit above	(47 852)	(113 473)	14 386	–	(146 939)
Reconciliation of the above summarised information					
Net assets of the JV	197 879	1 186 359	355 515	(13 381)	1 726 372
Proportion of the Group's ownership interest in the JVs	50%	50%	50%	90%	
Carrying amount of the Group's interest in JVs	98 939	593 179	177 758	–	869 876

	Foreign JVs			Local JV	
2021 **R 000**	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM & C Mauritius Limited**	**Afhco JCO Holdings (Pty) Ltd**	**Total**
Non-current assets					
Investment property	207 502	1 173 137	386 955	177 376	1 944 970
Furniture and equipment	–	1 426	6 236	65	7 727
Rent receivable – straight-line rent adjustment	1 609	4 281	930	–	6 820
Capital work in progress		430 989	111	–	431 100
Deferred taxation	–	–	–	254	254
Current assets					
Cash and cash equivalents	1 995	5 078	4 240	10 403	21 716
Rent receivable – straight-line rent adjustment	305	143	300	–	748
Non-current liabilities					
Shareholder loan	–	157 923	–	–	157 923
Non-current lease straight-line rent adjustment	1 913	4 424	1 230	–	7 567
Interest-bearing borrowings	–	254 072	–	107 136	361 208
Finance charges					
Finance cost	–	(15 057)	–	8 412	(6 645)
Finance income	–	–	–	291	291

6. INVESTMENT IN JOINT ARRANGEMENTS *CONTINUED*

Afhco Holdings (Pty) Ltd (a subsidiary of the Company) held 90% shares in the Afhco JCO Holdings (Pty) Ltd with 50% of voting rights. Although the Group held 90% shareholding, this investment was recognised as a JV, based on contractual agreed equal sharing of control and all decisions require unanimous consent. Afhco JCO Holdings (Pty) Ltd owns the residential rental property called The Falls Lifestyle Estate.

On 9 November 2022, Afhco Holdings (Pty) Ltd purchased an additional 10% of issued shares in the Afhco JCO (Pty) Ltd from HJC Holdings (Pty) Ltd (JV development partner). The Group obtained full control and voting rights from change in ownership to 100% as a result of the additional acquisition of interest made during the financial year.

During the financial year, there was a shortfall in the income linked guarantee, resulting in the income guarantee receivable of R3.6 million (2021: R2.5 million) recognised through profit and loss. This guarantee is recognised in the statement of comprehensive income and excluded from the investment in the JVs.

Prior to 9 November 2022, the value of the investment in the JVs was deemed to be that of the underlying investment properties, as the JVs fully distribute all distributable income. The investment in JV was derecognised and the investment in subsidiary was recognised by the Group as a result of change in ownership.

At the date of obtaining full control Afhco JCO Holdings (Pty) Ltd owed the Group a loan of R194.5 million which is thereafter eliminated by the Group subsequent to that date.

The value of the investment in the JVs is deemed to be that of the underlying investment properties, as the JVs fully distribute all distributable income. The fair value of the entire portfolio of investment properties was determined by independent registered valuers and approved on 6 February 2023 by the Board of Directors.

Reconciliation of investments in JVs	**2022 R 000**	**2021 R 000**
Carrying value at beginning of year	**869 876**	877 336
Net profit/(loss) from investment in JVs [(1)]	**246 528**	(36 293)
Foreign currency translation reserve	**67 770**	75 442
Impairment of JV [(2)]	**(138 751)**	–
Development equity – cash paid [(3)]	**76 817**	–
Development equity - accrual [(3)]	**94 933**	–
Distribution received from JVs	**(16 095)**	(46 609)
Carrying value at end of year	**1 201 078**	869 876

Reconciliation of loan to JV	**2022 R 000**	**2021 R 000**
Carrying value at beginning of year	**142 727**	143 300
Loan advanced to JV (Cash)	**7 476**	17 120
Loan advanced to JV (Non-cash)	**2 802**	–
Interest earned on loan [(2)]	**14 590**	12 949
Interest paid by JV	**–**	(11 286)
Impairment on loan to JV [(2)]	**(8 661)**	(19 356)
Reversal of impairment	**35 630**	–
Elimination of inter-company loan [(4)]	**(194 564)**	–
Carrying value at end of year	**–**	142 727

(1) The profit/(loss) from the JVs is due to the profit/(loss) in the underlying company.
(2) Included in the impairment of JV of R132.8 million in the Statement of Comprehensive Income.
(3) Development equity contribution to phases 5 and 6 development in Zambia.
(4) This relates to shareholder's loan between Afhco Holdings (Pty) Ltd and Afhco JCO Holdings (Pty) Ltd. This has been eliminated due to change in control from investment in JV to Group subsidiary. Refer to note 7.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

7. THE FALLS ACQUISITION

On 9 November 2022, Afhco Holdings (Pty) Ltd purchased an additional 10% of issued shares in the Afhco JCO (Pty) Ltd from HJC Holdings (Pty) Ltd, through the purchase of share equity. Afhco Holdings (Pty) Ltd paid a purchase consideration of R3 million on acquisition.

Acquisition of a subsidiary	**2022 R 000**	**2022 R 000**
	100%	**10%**
Reserves	(19 996)	(1 999)
Shareholder loans acquired	–	12 421
Partner share of loss	(9 623)	(963)
Total equity acquired	**(29 619)**	**9 459**
At acquisition impairment of shareholders loan	–	(6 459)
Purchase consideration made	–	3 000

Summarised Statement of Financial Position at acquisition date of 10%	**2022 R 000**
Investment property	347 126
Trade and other receivables	21 970
Cash and cash equivalents	13 783
Other assets	891
Total assets	**383 770**
Interest-bearing borrowings	(206 063)
Shareholder's loan	(194 564)
Trade and other payables	(12 762)
Net asset value at date of acquisition	(29 619)

In terms of the concentration test, per IFRS 3 Business Combinations, management's assessment of the acquisition determined that substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset, as such the acquisition does not meet the definition of a business combination. The acquisition has therefore been accounted for as an acquisition of assets and liabilities and subsequently consolidated into the Group.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost, including any directly attributable transaction costs.

Property, plant and equipment, excluding buildings, are carried at cost less accumulated depreciation and any impairment losses. Buildings are carried at its fair value using the revaluation model. Property, plant and equipment is depreciated on the straight-line basis over its expected useful life to its estimated residual value and depreciation ceases when the residual value exceeds the carrying value. The residual value useful life and depreciation method of each asset is reviewed at the end of each reporting period. Management assesses the asset for impairment when there is an indication of impairment.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

The useful life of items of property, plant and equipment have been assessed as follows:

Item	**Years**
Plant and machinery	6
Furniture and fixtures	6
Motor vehicles	5
Office equipment	3
IT equipment	3
Computer software	3

8. PROPERTY, PLANT AND EQUIPMENT *CONTINUED*

	2022 R 000			2021 R 000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	**9 306**	**(1 467)**	**7 839**	3 025	(1 828)	1 197
Furniture and fixtures	**13 633**	**(7 067)**	**6 566**	16 895	(10 603)	6 292
Motor vehicles	**1 450**	**(1 438)**	**12**	1 449	(1 313)	136
Office equipment	**1 485**	**(1 346)**	**139**	1 402	(1 355)	47
IT equipment	**14 809**	**(11 756)**	**3 053**	16 275	(13 982)	2 293
Computer software	**3 762**	**(2 894)**	**868**	3 257	(2 486)	771
Buildings	**23 228**	**–**	**23 228**	–	–	–
Total	**67 673**	**(25 968)**	**41 705**	42 303	(31 567)	10 736

Reconciliation of property, plant and equipment – 2022

R 000	Opening Balance	Additions	Disposals	Transfer from investment property	Depreciation	Closing Balance
Plant and machinery	**1 197**	**7 345**	**(2)**	**–**	**(701)**	**7 839**
Furniture and fixtures	**6 293**	**2 462**	**–**	**–**	**(2 189)**	**6 566**
Motor vehicles	**136**	**–**	**–**	**–**	**(124)**	**12**
Office equipment	**47**	**399**	**–**	**–**	**(307)**	**139**
IT equipment	**2 292**	**3 061**	**(70)**	**–**	**(2 230)**	**3 053**
Computer software	**771**	**505**	**–**	**–**	**(408)**	**868**
Buildings [(1)]	**–**	**–**	**–**	**23 228**	**–**	**23 228**
	10 736	**13 772**	**(72)**	**23 228**	**(5 959)**	**41 705**

Reconciliation of property, plant and equipment – 2021

R 000	Opening Balance	Additions	Disposals	Transfer from investment property	Depreciation	Closing Balance
Plant and machinery	858	651	–	–	(312)	1 197
Furniture and fixtures	6 246	2 213	–	–	(2 166)	6 293
Motor vehicles	419	–	–	–	(283)	136
Office equipment	375	29	–	–	(357)	47
IT equipment	3 223	1 235	–	–	(2 166)	2 292
Computer software	915	294	–	–	(438)	771
	12 036	4 422	–	–	(5 722)	10 736

(1) This relates to the transfer of owner-occupied property. Refer to note 5.

9. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

Intangible assets arising from business combinations are recognised separately from goodwill and are initially recognised at its fair value at the acquisition date, which represents its cost. The identification and initial measurement process are performed as part of the purchase price allocation. The Group has no internally generated intangible assets.

Subsequent to initial recognition intangible assets, acquired separately or through a business combination, are reported at cost less accumulated impairment losses.

Goodwill

Goodwill is initially measured at cost being the excess of the purchase price over the Group's share of the net identifiable assets acquired measured at fair value at the date of acquisition. Where the fair value of the net identifiable assets at fair value exceeds the purchase price the excess is immediately recognised in the statement of comprehensive income as a gain on bargain purchase.

Where the initial accounting for business combinations has provisionally been determined and new information emerges within 12 months of the acquisition date, adjustments are made to these values against goodwill. In addition goodwill is adjusted for changes in the estimated value of contingent considerations given in the business combination when they arise.

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9. INTANGIBLE ASSETS AND GOODWILL *CONTINUED*

Goodwill *continued*

Goodwill is reflected at cost less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment at each reporting date. Impairment is determined by assessing the recoverable amount which is the higher of fair value less costs to sell and value in use of the cash-generating unit to which the goodwill relates. The impairment loss is applied firstly to the carrying amount of goodwill thereafter any remaining impairment is allocated to the other assets of the acquired business. Impairment losses on goodwill are not reversed.

R 000	2022			2021		
	Cost	Accumulated amortisation/ impairment	Carrying value	Cost	Accumulated amortisation/ impairment	Carrying value
The Brand [1]	**71 800**	**–**	**71 800**	71 800	–	71 800
Goodwill on the acquisition of Afhco Holdings (Pty) Ltd	**10 104**	**–**	**10 104**	10 104	–	10 104
Automation software [2]	**3 583**	**(1 535)**	**2 048**	1 721	–	1 721
Total	**85 487**	**(1 535)**	**83 952**	83 625	–	83 625

(1) The carrying value of the Brand is assessed for impairment at the end of each reporting period as it has an indefinite useful life.
(2) Software implementation cost amortised over three years.

The period in which the Brand will generate net cash inflow is not limited, resulting in the useful life being indefinite. The Brand is determined to have an indefinite useful life based on the relative strength and market recognition. The Brand has been in existence for a considerable period of time.

The fair value of the Afhco Brand and goodwill in respect of Afhco Holdings was determined using an income-based approach to ascertain if the goodwill and brand is impaired. The discounted cashflows of Afhco was determined using a 25 year (2021: 25 year) forecast and a growth rate of 4.5% (2021: 5.5%) thereafter determining a terminal value. A 25-year period was selected to more accurately reflect the financing period. This aggregated value is discounted using a discount rate of 10.15% (2021: 9.76%). A 500 basis points increase or decrease in the discount rate and growth rate will not result in an impairment.

10. LEASEHOLD PROPERTY

Leasehold property as a lessee:

All leases are accounted for by recognising a ROU asset and a lease liability except for:
- Leases of low value assets with a value when new equal to or less than R100 000; or
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by reference to the Group's incremental weighted average cost of debt rate ("WACD") 9.6% (2021: 9.3%) on commencement of the lease. This rate represents the Group's marginal cost of funding based on the latest debt margin at the last renewal and a weighted average of a 3 and 5 year swap at inception of the lease. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

ROU assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease; and
- initial direct costs incurred.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. ROU assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the ROU asset, with the revised carrying amount being amortised over the remaining revised lease term.

Any gain or loss arising from the partial or full termination of a lease (i.e. derecognition of the ROU asset and the corresponding lease liability) is recognised in profit or loss in the period in which it arises.

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10. LEASEHOLD PROPERTY *CONTINUED*

	2022 R 000	2021 R 000
ROU assets		
Recognised at the beginning of the year	**15 761**	21 567
Additions	**873**	–
Depreciation	**(4 510)**	(5 806)
Balance as at the end of the year	**12 124**	15 761
Lease liability		
Recognised at the beginning of the year	**21 373**	27 766
Additions	**1 474**	–
Finance cost	**1 421**	2 334
Lease payments	**(7 674)**	(8 727)
Balance as at the end of the year	**16 594**	21 373
Lease liability		
Non-current liability	**11 253**	15 084
Current liability	**5 341**	6 289
Balance as at the end of the year	**16 594**	21 373
Lease expense excluded from lease liabilities		
Low value lease expense	**555**	235
Expense relating to variable lease payments not included in the measurement of lease liabilities	**6 844**	4 984
	7 399	5 219
The minimum future lease payments payable under non-cancellable leases are as follows:		
Not later than 1 year	**6 814**	9 322
Later than 1 year and not later than 5 years	**13 654**	19 543
Later than 5 years	**10 245**	1 144
	30 713	30 009
The future minimum sub-lease payments receivable under non-cancellable leases are as follows:		
Not later than 1 year	**58 072**	48 806
Later than 1 year and not later than 5 years	**127 406**	102 894
Later than 5 years	**104 243**	109 797
	289 721	261 497

In determining the ROU asset and lease liability, renewal options contained in the lease were excluded where the escalation rates were uncertain.

Lease expense relates to leases of land with leases expiring up to 2029 (2021: 2029), with certain leases containing lease extensions. These lease extensions are renegotiated as per the lease agreements and are considered to be new leases.

Lease income from leasehold properties with non-cancellable operating leases relates to leases expiring up to 2044 (2021: 2044).

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For the year ended 31 December 2022

11. OTHER FINANCIAL ASSETS

	2022 R 000	2021 R 000
Refer to note 1 for the accounting policy.		
Non-current assets		
Listed shares		
Transcend Residential Property Fund Limited (1)	**52 993**	57 871
Safari Investments RSA Limited (1&2)	**–**	105 000
	52 993	**162 871**
Other financial assets		
CityKidz Preschool NPC (3)		
Loan balance	**475**	2 148
Accrued interest	**176**	248
	651	2 396
Current assets		
Listed shares		
Safari Investments RSA Limited (2)	**116 000**	–
	116 000	–
Other financial assets		
Sun Malti Trios Trading Enterprises CC (4)	**654**	982
Urban Watch Patrol (Pty) Ltd (5)	**325**	–
Benav Properties (Pty) Ltd (6)	**12 438**	24 423
	13 417	25 405
Total other financial assets	**183 061**	190 672
Level 1 as detailed in note 4		
Reconciliation of investment in listed shares		
Carrying value at beginning of year	**162 871**	112 800
Acquisition of shares (7)	**–**	7 870
Fair value gain	**6 122**	42 201
Carrying value at end of year	**168 993**	162 871

(1) The directors do not consider that the Group has the ability to exercise any significant influence over these companies.

(2) Subsequent to year end the Group disposed of its 6.43% holding in Safari Investments RSA Limited.

(3) During 2019, the three loans previously advanced to CityKidz Preschool NPC ("CityKidz") with interest ranging from prime less 0.5% to prime and repayable at June 2020 and August 2023 were consolidated into one loan in order to support CityKidz scholars requiring financial support. This loan is secured by property held by CityKidz, bears interest at prime less 0.5% and is repayable on 1 December 2024. In November 2022 the Group entered into an agreement where CityKidz would issue bursaries to the students (particularly those in arrears) in lieu of settlement of the loan, amounting to R1.6 million (2021: R1.5 million).

(4) During 2019, R2.0 million was provided as support to Sun Malti Trios Trading Enterprises CC, a B-BBEE company, as part of supplier development, to acquire vehicles to be used to transport students to and from campuses. This loan which is secured by a notarial bond in respect of the vehicles, bears interest at the prime rate and is amortising with the final payment repayable on 16 November 2023. Management considers the ECL to be negligible as the amount is adequately secured by the underlying vehicles.

(5) During 2022, R324 800 was provided to Urban Watch Patrol as a part of the Group's supplier development initiative. The loan is secured by the vehicles, at the prime interest rate and payable in full on 1 December 2025. Management considers the ECL to be negligible as the amount is adequately secured by the underlying vehicles.

(6) The loan arose due to vendor financing for the sale of Kempton Park Shoprite Checkers from SA Retail Properties (Pty) Ltd to Benav Properties (Pty) Ltd ("Benav"). The loan bears interest at the prime overdraft rate plus 2% and is secured by a second bond over the property. In addition, the Group has reserved the right to settle the amount due to the primary bond holder and take transfer of the primary bond and holds personal sureties from the shareholders of Benav. The final tranche of R12 million is due on or before 30 June 2023. Management considers the ECL to be negligible as the amount is adequately secured.

(7) Transcend Residential Property Fund Limited was subject to a rights issue in 2021 and the Group exercised its rights in full.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

11. OTHER FINANCIAL ASSETS *CONTINUED*

			Number of shares held	Share price at 31 December (cps)
Details of listed shares	**Stock exchange**	**% Held**	**2022**	**2022**
Transcend Residential Property Fund Limited	JSE (REIT)	5.04%	**8 267 220**	**641**
Safari Investments RSA Limited	JSE (REIT)	6.43%	**20 000 000**	**580**

			Number of shares held	Share price at 31 December (cps)
Details of listed shares	**Stock exchange**	**% Held**	**2021**	**2021**
Transcend Residential Property Fund Limited	JSE (REIT)	5.04%	8 267 220	700
Safari Investments RSA Limited	JSE (REIT)	6.43%	20 000 000	525

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

12. SWAP DERIVATIVES

	2022 R 000	2021 R 000
Swap derivatives at fair value through profit or loss:		
Interest rate swap derivatives		
Non-current assets	**36 848**	2 021
Current assets	**28 827**	616
Non-current liabilities	**(222)**	(58 743)
Current liabilities	**(5 230)**	(111 825)
Carrying amount of net asset/(liability)	**60 223**	(167 931)
Reconciliation of interest rate swap derivatives		
Carrying value at beginning of year	**(167 931)**	(425 864)
Fair value gain	**221 207**	255 817
Foreign exchange adjustment	**6 947**	2 116
Carrying value at end of year	**60 223**	(167 931)
Interest rate swap agreements, for 1 - 5 years linked to JIBAR or LIBOR, have been concluded to convert floating rates to fixed rates. The total nominal value of active swaps are R4.4 billion (2021: R4.7 billion). The Group has also entered into forward starting swaps with a nominal value of R1.3 billion at 31 December 2022.		
Cross-currency swap derivatives		
Non-current assets	**–**	115 321
Current assets	**121 687**	7 438
Non-current liabilities	**–**	(162 192)
Current liabilities	**(172 635)**	(7 041)
Carrying amount of net liability	**(50 948)**	(46 474)
Reconciliation of cross-currency swap derivatives		
Carrying value at beginning of year	**(46 474)**	(61 172)
Fair value (loss)/gain	**(1 075)**	6 918
Foreign exchange adjustment	**(3 399)**	(13 704)
Settlement of swap	**–**	21 484
Carrying value at end of year	**(50 948)**	(46 474)
Total swap derivatives		
Non-current assets	**36 848**	117 342
Current assets	**150 514**	8 054
Non-current liabilities	**(222)**	(220 935)
Current liabilities	**(177 865)**	(118 866)
Carrying amount of net asset/(liability)	**9 275**	(214 405)
Reconciliation of swap derivatives		
Carrying value at beginning of year	**(214 405)**	(487 036)
Fair value gain	**220 131**	262 735
Foreign exchange adjustment	**3 549**	(11 588)
Settlement of swap	**–**	21 484
Carrying value at end of year	**9 275**	(214 405)

Level 2 as detailed in note 4.
The ABSA cross-currency loans are made up of the following facilities:

- The ABSA cross-currency R119.8 million receivable bearing interest at 8.468% (2021: 5.693%) per annum. This loan was receivable post year end on 26 January 2023, and was subsequently settled on maturity.
- The ABSA cross-currency USD10 million payable bearing interest at 4.360% (2021: 4.360%) per annum. This loan was repayable post year end on 26 January 2023 and was subsequently settled on maturity.

The interest rate and cross-currency swap derivatives are valued based on the discounted cashflow method. Future cashflows are estimated based on exchange and forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

For the year ended 31 December 2022

13. TRADE AND OTHER RECEIVABLES

	2022 R 000	2021 R 000
Refer to note 1 for the accounting policy.		
Financial instruments at amortised cost:		
Trade receivables (including VAT)	**116 961**	148 203
Provision for expected credit loss (excluding VAT)	**(48 801)**	(74 939)
Trade receivables net of provision for ECL	**68 160**	73 264
Other receivables	**315 488**	341 298
Non-financial instruments:		
Prepayments	**74 717**	44 006
VAT	**6 277**	7 072
Total trade and other receivables	**464 642**	465 640
Provision for ECL		
The movement in the provision for ECL during the year was as follows:		
Balance at the beginning of the year	**74 939**	100 447
Amounts written off during the year	**(53 426)**	(76 769)
Additional provisions recognised	**27 288**	51 261
Balance at the end of the year	**48 801**	74 939
Trade debtors including VAT	**116 961**	148 203
VAT thereon	**(11 642)**	(12 342)
Trade debtors excluding VAT	**105 319**	135 861

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

The provision is carried exclusive of VAT whilst the arrear rentals include VAT. This table has excluded the VAT on arrears to provide a more suitable comparison between arrears and the ECL.

The forward factor in respect of the ECL provision was determined by using the 5 year historical correlation between the change in GDP growth and the change in arrears as a percentage of annual tenant revenue. The average correlation was applied to the change in GDP growth based on the forecasted GDP growth for 2023 to actual GDP growth in 2022. We believe this to be a good proxy for the ability of our tenants to pay. The Group considers the provision for any material credit risk exposure to be adequate.

Tenants were segregated per sector to depict the different sectoral credit risk. Expected loss rates were based on the payment profile of the tenants over the period 1 January 2017 to 31 December 2021 and the corresponding historical credit losses experienced within this period. Historical loss ratios were adjusted for forward looking information by increasing these ratios by a factor of 1.00% (2021: 2.84%). This factor was determined through consideration of the projected GDP growth rate for 2022 which is expected to decrease by 2.81% (2021: decreased 2.84%) in comparison to the prior year. We have also looked at the increase in the debtors as a percentage of rental income which gave rise to a total increase in the ECL. The historical loss ratios and the forward-looking adjustment of these ratios used at the date of initial application of IFRS 9 have been amended to include further loss experiences for the 2019 and 2021 financial years. The Group has not included the 2020 historical loss ratios, as the 2020 financial year was an anomaly due to the Covid-19 pandemic, and these ratios would not provide accurate estimated credit losses when applying those ratios to the outstanding debtors as at 31 December 2022.

For the year ended 31 December 2022

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

The calculation of the estimated credit loss percentage is shown in the following table.

The table below discloses the trade receivables and provision excluding VAT.

2022

	Industrial	Retail	Commercial	Afhco	Total
Current					
Trade debtors R 000	1 744	8 388	528	6 214	16 874
ECL %	13%	12%	25%	8%	11%
Provision R 000	230	1 021	131	478	1 860
30 days					
Trade debtors R 000	1 501	11 863	588	4 564	18 516
ECL %	20%	25%	41%	16%	23%
Provision R 000	303	2 954	238	740	4 235
60 days					
Trade debtors R 000	2 030	7 680	382	2 619	12 711
ECL %	41%	41%	66%	26%	39%
Provision R 000	824	3 186	251	674	4 935
90+ days					
Trade debtors R 000	8 783	24 566	9 559	14 310	57 218
ECL %	53%	59%	89%	71%	66%
Provision R 000	4 636	14 520	8 473	10 142	37 771
Total trade debtors	14 058	52 497	11 057	27 707	105 319
Total ECL provision	5 993	21 681	9 093	12 034	48 801

2021

	Industrial	Retail	Commercial	Afhco	Total
Current					
Trade debtors R 000	1 994	10 820	1 413	11 043	25 270
ECL %	18%	16%	26%	15%	16%
Provision R 000	359	1 758	368	1 664	4 149
30 days					
Trade debtors R 000	1 365	5 919	870	6 818	14 972
ECL %	24%	27%	34%	36%	31%
Provision R 000	331	1 618	292	2 443	4 684
60 days					
Trade debtors R 000	1 537	5 029	677	5 164	12 407
ECL %	46%	45%	54%	51%	48%
Provision R 000	706	2 248	365	2 630	5 949
90+ days					
Trade debtors R 000	9 065	31 453	12 086	30 608	83 212
ECL %	58%	56%	88%	87%	72%
Provision R 000	5 281	17 602	10 604	26 670	60 157
Total trade debtors	13 961	53 221	15 046	53 633	135 861
Total ECL provision	6 677	23 226	11 629	33 407	74 939

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

2022

Other receivables	Current R 000	30 days R 000	60 days R 000	90 days R 000	Total R 000	ECL Assessment: R 000
Financial assets at amortised cost						
Tenants accruals (1)	**30 012**	**23 631**	**24 762**	**20 083**	**98 488**	**2 595**
Amounts due from municipalities (2)	**–**	**–**	**–**	**32 332**	**32 332**	**–**
Interest accrual (3)	**1 658**	**–**	**–**	**–**	**1 658**	**–**
Sundry debtors (4)	**38 418**	**7 073**	**5 915**	**43 657**	**95 063**	**7 745**
Insurance receivable (5)	**98 287**	**–**	**–**	**–**	**98 287**	**–**
	168 375	**30 704**	**30 677**	**96 072**	**325 828**	**10 340**

2021

Other receivables	Current R 000	30 days R 000	60 days R 000	90 days R 000	Total R 000	ECL Assessment: R 000
Financial assets at amortised cost						
Tenants accruals (1)	40 533	19 210	195	13 050	72 988	2 562
Amounts due from municipalities (2)	–	–	–	23 321	23 321	–
Interest accrual (3)	333	–	–	–	333	–
Sundry debtors (4)	21 074	349	419	45 423	67 265	20 536
Insurance receivable (5)	200 489	–	–	–	200 489	–
	262 429	19 559	614	81 794	364 396	23 098

(1) Tenant accruals relate to recoveries and turnover rental that has not been billed to tenants. When accruals are billed to the tenants, the trade debtor ECL is applied to these recoveries. The Group provided for specific expected credit losses for balances we deem not to be recoverable and may therefore not be charged to tenants based on available information increasing the probability of default, were these accruals to be charged to the tenants.

(2) This balance relates to deposits with municipal authorities, which will be recouped when a building is sold. The Group have written off amounts considered to be irrecoverable and have assessed the risk in respect of the remainder to be negligible. Amounts are irrecoverable where we have exhausted all avenues to collect the deposit and the probability of default is considered to be high.

(3) The risk of default has been assessed to be negligible and immaterial.

(4) The sundry debtors include amounts receivable from various parties, including property managers, sellers, purchasers and co-owners of properties. Debtors are written off when there is no reasonable expectation of recovery. This is assessed on the basis of the failure of the debtor to agree and commit to a repayment plan and where contractual payments are greater than a period of 90 days. The Group have assessed the risk of default of these parties individually to be negligible and immaterial at this stage based on historical transactional activity and its assessment of their future ability to settle the balance. The risk of default of the sundry debtors in the 90 days category is partially mitigated by the balance from the co-owners to be applied against net property income due to them.

(5) Included in this balance is a receivable due from Sasria relating to loss of income and re-instatement costs of the properties impacted by the civil unrest. The receivable owed was reduced year on year by R28.6 million, resulting from a change in the total estimated loss during the year of the same amount. Insurance proceeds in respect of the civil unrest losses of R237.2 million had been received by 31 December 2022, R87.4 million relates to loss of income and R149.8 million relates to re-instatement costs. The insurance receivable debtor balance at 31 December 2022 was R98.3 million, R82.2 million raised in respect of expected total reinstatement costs not yet reimbursed by Sasria and R16.1 million relates to loss of income. Subsequent to year end a further R59.5 million was received, bringing the total received to date to R296.7 million excluding VAT.

Insurance proceeds receivable

Contingent assets are not recognised on the statement of financial position but are disclosed when it is more than likely that an inflow of benefits will occur. However, an asset is recognised in the statement of financial position when the inflow of benefits is virtually certain because that asset is no longer considered to be contingent.

The insurance proceeds will be recognised in the income statement when the receipt thereof is virtually certain. The insurance proceeds received due to loss of income is disclosed separately reflected as other operating income in the consolidated statement of comprehensive income.

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

Insurance proceeds receivable *continued*

Information may become available after the end of the reporting period that provides additional evidence about conditions that existed as at the balance sheet date, including estimates inherent in the process of preparing financial statements. Such estimates include those related to insurance recoveries. If a business interruption policy exists and a valid claim has been made, the agreement by an insurer to a post year-end settlement would confirm the existence and amount of the claim at the reporting date. This would be considered an adjusting event.

If a valid claim has been raised on a policy that was in place at the reporting date, but at the time the financial statements are prepared, there remains uncertainty over the quantum of insurance recovery, a contingent asset may need to be disclosed under IAS 37 para 89. This disclosure requirement captures situations where an insurance receipt is probable but not yet virtually certain. Companies making such disclosures are required to include an estimate of the financial effect of the claim where practicable.

Historical rates adjusted for forward looking assumption

2022

	Industrial	Retail	Commercial	Afhco [1]	Group
Current					
Historical loss ratio	**1%**	**3%**	**3%**	**23%**	**5%**
Forward looking adjustments	**–**	**–**	**–**	**(1%)**	**–**
Adjusted historical loss ratio	**1%**	**3%**	**3%**	**22%**	**5%**
30 days					
Historical loss ratio	**8%**	**16%**	**19%**	**17%**	**16%**
Forward looking adjustments	**–**	**–**	**–**	**–**	**(1%)**
Adjusted historical loss ratio	**8%**	**16%**	**19%**	**17%**	**15%**
60 days					
Historical loss ratio	**29%**	**33%**	**45%**	**10%**	**31%**
Forward looking adjustments	**–**	**(1%)**	**(1%)**	**–**	**–**
Adjusted historical loss ratio	**29%**	**32%**	**44%**	**10%**	**31%**
90 days					
Historical loss ratio	**41%**	**45%**	**68%**	**52%**	**55%**
Forward looking adjustments	**–**	**(1%)**	**(1%)**	**–**	**(1%)**
Adjusted historical loss ratio	**41%**	**44%**	**67%**	**52%**	**54%**

2021

	Industrial	Retail	Commercial	Afhco [1]	Group
Current					
Historical loss ratio	1%	3%	1%	23%	11%
Forward looking adjustments	–	–	–	–	–
Adjusted historical loss ratio	1%	3%	1%	23%	11%
30 days					
Historical loss ratio	7%	14%	9%	44%	25%
Forward looking adjustments	–	–	–	–	–
Adjusted historical loss ratio	7%	14%	9%	44%	25%
60 days					
Historical loss ratio	29%	31%	29%	60%	41%
Forward looking adjustments	–	–	–	–	–
Adjusted historical loss ratio	29%	31%	29%	60%	41%
90 days					
Historical loss ratio	41%	42%	63%	96%	63%
Forward looking adjustments	–	–	–	–	1%
Adjusted historical loss ratio	41%	42%	63%	96%	64%

[1] For the Afhco portfolio, tenants in arrears are categorised into either retail, residential or students. The tenants are further split into vacated, handed over, high risk tenants and medium/low risk categories. All tenants with arrears in 90 days plus are provided for in full and for all vacated tenants, their arrears are also provided for in full as chances of recovery are slim. History shows that circa 10% of the handed over tenants are recovered therefore the Group has provided for 90% of these tenants. For the high risk tenants in occupation, we provided for their arrears based on the last 6 months collections pattern.

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For the year ended 31 December 2022

13. TRADE AND OTHER RECEIVABLES *CONTINUED*

The following table details the Group's ECL sensitivity to a 1% increase and decrease in the macroeconomics.

2022

	R 000				
	Industrial	Retail	Commercial	Afhco	Total
Current					
Upward stress	**230**	**1 025**	**131**	**478**	**1 864**
ECL based on actual weightings	**230**	**1 021**	**131**	**478**	**1 860**
Downward stress	**230**	**1 018**	**130**	**478**	**1 856**
30 days					
Upward stress	**304**	**2 979**	**240**	**740**	**4 263**
ECL based on actual weightings	**303**	**2 954**	**238**	**740**	**4 235**
Downward stress	**301**	**2 928**	**237**	**740**	**4 206**
60 days					
Upward stress	**832**	**3 220**	**254**	**674**	**4 980**
ECL based on actual weightings	**824**	**3 186**	**251**	**674**	**4 935**
Downward stress	**816**	**3 152**	**249**	**674**	**4 891**
90 days					
Upward stress	**4 685**	**14 668**	**8 560**	**10 141**	**38 054**
ECL based on actual weightings	**4 636**	**14 519**	**8 475**	**10 141**	**37 771**
Downward stress	**4 587**	**14 371**	**8 386**	**10 141**	**37 485**

2021

	R 000				
	Industrial	Retail	Commercial	Afhco	Total
Current					
Upward stress	359	1 758	368	1 664	4 149
ECL based on actual weightings	359	1 758	368	1 664	4 149
Downward stress	359	1 757	368	1 664	4 148
30 days					
Upward stress	331	1 618	292	2 443	4 684
ECL based on actual weightings	331	1 618	292	2 443	4 684
Downward stress	331	1 617	292	2 443	4 683
60 days					
Upward stress	706	2 250	365	2 630	5 951
ECL based on actual weightings	706	2 248	365	2 630	5 949
Downward stress	706	2 247	365	2 630	5 948
90 days					
Upward stress	5 284	17 615	10 611	26 668	60 178
ECL based on actual weightings	5 281	17 603	10 605	26 668	60 157
Downward stress	5 278	17 591	10 598	26 668	60 135

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

14. CASH AND CASH EQUIVALENTS

Refer to note 1 for the accounting policies

Cash and cash equivalents include cash on hand in banks

	2022 R 000	2021 R 000
Cash and bank balances	**41 062**	24 539
Money market investments and call accounts	**6 300**	86 668
Distributions account	**270**	123
Government grant [(1)]	**32 042**	–
Total unrestricted cash	**79 674**	111 330
Tenant deposits [(2)]	**99 845**	99 997
Government grant maintenance reserve amount [(1)]	**500**	–
Total restricted cash	**100 345**	99 997
Total cash and cash equivalents	**180 019**	211 327

(1) Maintenance reserve fund amount. Refer to note 38 for further details on the government grant.

(2) The tenant deposits are invested in separate 32-day call accounts and as such can only be accessed within 32 days. Additionally, the capital portion can only be accessed at the end of the leasing arrangement (either via the conclusion of the lease term or via early termination) or it can be applied to the arrears balance. The tenant deposits have a corresponding liability in trade and other payables. The difference between the cash balance and that reflected under trade and other payables is due to the timing in the recall of the cash paid to tenants from the operational bank account. Refer to note 19.

The ECL is deemed to be nil as the cash and cash equivalents are held by institutions with AA ratings as detailed in note 4.

Included in the tenant deposits balance above is an amount of R37.6 million (2021: R36.8 million) relating to residential units, which are subject to regulatory restrictions and are therefore not available for general use by the entities within the Group.

For the year ended 31 December 2022

15. PROPERTIES CLASSIFIED AS HELD FOR SALE

Investment properties which have been earmarked as held for sale in compliance with the IFRS 5 Non-current Assets Held for Sale and Discontinued Operations recognition criteria are measured in accordance with IAS 40 Investment property at fair value. These properties are disclosed as non-current assets held for sale on the statement of financial position in accordance with IFRS 5. Gains and losses arising upon remeasurement are separately recognised in the statement of comprehensive income.

2022 R 000	Properties classified as held for sale	Letting commissions and tenant installations	Straight line valuation adjustment	Total
Opening balance	**939 407**	**1 521**	**(3 305)**	**937 623**
Transfer from long-term assets [1]	**284 562**	**256**	**(1 306)**	**283 512**
Fair value adjustment	**16 077**	**–**	**1 288**	**17 365**
Disposals	**(494 021)**	**(503)**	**619**	**(493 905)**
Utilised	**–**	**(853)**	**–**	**(853)**
Balance including straight-line adjustment	**746 025**	**421**	**(2 704)**	**743 742**
Add back straight-line rental adjustment	**–**	**–**	**2 704**	**2 704**
Closing balance [2]	**746 025**	**421**	**–**	**746 446**

2021 R 000	Properties classified as held for sale	Letting commissions and tenant installations	Straight line valuation adjustment	Total
Opening balance	1 030 281	3 764	(16 170)	1 017 875
Transfer from long-term assets [1]	619 960	713	1 321	621 994
Additions	–	992	–	992
Disposals	(710 834)	(2 241)	11 544	(701 531)
Utilised	–	(1 707)	–	(1 707)
Balance including straight-line adjustment	939 407	1 521	(3 305)	937 623
Add back straight-line rental adjustment	–	–	**3 305**	**3 305**
Closing balance	939 407	1 521	–	**940 928**

(1) As detailed in note 5.

(2) Investment properties classified as held for sale in the prior year amounting to R437.9 million are still unsold at 31 December 2022. These sales are largely contracted and awaiting completion of the property transfer administration.

During the prior year, the sale agreement of a property portfolio comprising several of the Group's residential properties, commercial rental businesses and development land in the Johannesburg inner city by the Afhco Group ("Afhco") to Firstmile Properties JHB CBD Crown Mines (Pty) Ltd became unconditional and therefore transferred to held for sale. The total sale consideration was R546.3 million, of which the first tranche of the sale, by means of the sale of the shares of the property-owning entities, totalling R280.6 million was completed in September 2022, and a further R38 million was concluded subsequent to year end in February 2023. The balance of the sale consideration, R227.8 million, pertaining to this transaction, is expected to be received by quarter four of 2023.

For the year ended 31 December 2022

16. SHARE CAPITAL AND RESERVES

Share capital and reserves represent the residual interest in the Group's assets after deducting all of its liabilities and have been accounted for as equity.

Shares issued by the Group are recognised at the proceeds received net of direct issue cost. Shares repurchased by the Group are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own shares.

The non-distributable reserves relate to items that are not distributable to shareholders, such as fair value adjustments on the revaluation of investment property, long-term loans, borrowings and derivatives, the amortisation of intangible assets, share-based payment transactions, the straight-line lease income adjustment, non-cash charges, capital items, deferred taxation, bargain purchases and reserves with the non-controlling interest.

	2022 R 000	2021 R 000
Authorised		
4 000 000 000 shares at no par value (2021: 4 000 000 000)		
Issued		
2 514 732 095 shares (2021: 2 514 732 095 shares) [(1)]	**9 137 879**	9 129 433
Non-distributable reserves: Share-based payment reserve	**8 818**	6 662
Non-distributable reserves: Operational [(2)]	**706 134**	398 880
Distributable reserves	**467 981**	531 388
	10 320 812	10 066 363

(1) Refer to note 25 for the weighted average number of shares and the diluted weighted average number of shares.

(2) Included in non-distributable reserves are operational items which are not included in the calculation of distributable income. These include fair value gains and losses of investment properties, listed shares and capital profit and loss on disposal of investment properties as detailed in note 5.

The non-distributable reserves include items of a capital nature which are not distributable to the shareholders.

The consolidated statement of changes in equity reflects a detailed analysis of movements in shareholders' equity.

	2022 Shares	2021 Shares
Reconciliation of number of shares issued (excluding treasury shares):		
Opening shares [(1)]	**2 488 241 230**	2 494 944 510
Vested shares [(2)]	**4 365 663**	736 098
Share repurchase - employee share scheme [(3)]	**–**	(7 439 378)
Closing shares	**2 492 606 893**	2 488 241 230

(1) This is net of treasury shares of 22 937 486 (2021: 27 303 147 shares).

(2) As detailed in note 34.

(3) During the year, the Group did not repurchase shares as part of its employee share scheme. In 2021, as part of its employee share scheme, the Group repurchased 7 439 378 of its shares at an average R2.22 per share and a total value of R16.5 million.

17. INTEREST-BEARING BORROWINGS

	2022 R 000	
Refer to note 1 for accounting policy.		
Absa Bank Limited		
Loan bearing interest at 8.467% (2021: 5.633%) per annum and paid quarterly. This loan is payable on 10 September 2025. (Facility B) [(3)]	**202 876**	201 975
Loan bearing interest at 0.000% (2021: 5.885%) per annum and paid quarterly. This loan was repaid on 9 September 2022. (Facility C) [(3&4)]	**–**	501 532
Loan bearing interest at 8.817% (2021: 5.983%) per annum and paid quarterly. This loan is repayable on 9 December 2025. (Facility A1) [(3)]	**152 247**	151 574
Loan bearing interest at 0.000% (2021: 5.233%) per annum and paid quarterly. This loan was repaid on 9 September 2022. (Facility I1) [(3&4)]	**–**	302 752
Loan bearing interest at 0.000% (2021: 5.283%) per annum and paid quarterly. This loan was repaid on 9 September 2022. (Facility I2) [(3&4)]	**–**	21
Loan bearing interest at 0.000% (2021: 5.358%) per annum and paid quarterly. This loan was repaid on 9 September 2022. (Facility J1) [(3&4)]	**–**	642 480
Loan bearing interest at 8.292% (2021: 5.458%) per annum and paid quarterly. This loan is repayable on 7 May 2024. (Facility K1) [(3)]	**593 240**	590 599
Loan bearing interest at 8.467% (2021: 5.633%) per annum and paid quarterly. This loan is repayable on 7 May 2025. (Facility L1) [(3)]	**311 923**	310 537
Loan bearing interest at 8.100% (2021: 3.690%) per annum and paid quarterly. This loan is repayable on 5 November 2024. (Facility H) [(1&3)]	**465 835**	432 784
Loan bearing interest at 8.875% per annum and paid quarterly. This loan is repayable on 9 September 2025. (Facility P1) [(3&4)]	**3 445**	–
Loan bearing interest at 9.100% per annum and paid quarterly. This loan is repayable on 9 September 2027. (Facility P2) [(2,3&4)]	**–**	–
Loan bearing interest at 8.933% per annum and paid quarterly. This loan is payable on 9 September 2025. (Facility X) [(3,4&5)]	**200 098**	–
Loan bearing interest at 9.000% per annum and paid quarterly. This loan is payable on 9 September 2026. (Facility Y) [(3&4)]	**522 843**	–
Loan bearing interest at 9.158% per annum and paid quarterly. This loan is payable on 9 September 2027. (Facility Z1) [(3,4&5)]	**320 160**	–
Loan bearing interest at 9.100% per annum and paid quarterly. This loan is payable on 9 September 2027. (Facility Z2) [(3&4)]	**300 125**	–
Loan bearing interest at 0.000% (2021: 5.783%) per annum and paid quarterly. This loan was repaid on 9 September 2022. (Facility M2) [(3&4)]	**–**	–
Loan bearing interest at 9.108% per annum and paid quarterly. This loan is payable on 1 March 2024 [(6)]	**99 836**	–
Loan bearing interest at 9.108% per annum and paid quarterly. This loan is payable on 1 March 2024 [(6)]	**107 136**	–
	3 279 764	3 134 254
Nedbank Limited		
Loan bearing interest at 0.000% (2021: 5.677%) per annum and paid quarterly. This loan was repaid on 9 September 2022. (Facility J2) [(3&4)]	**–**	515 302
Loan bearing interest at 9.070% (2021: 5.737%) per annum and paid quarterly. This loan is repayable on 7 May 2024. (Facility K2) [(3)]	**568 737**	567 088
Loan bearing interest at 9.180% (2021: 5.847%) per annum and paid quarterly. This loan is repayable on 7 May 2025. (Facility L2) [(3)]	**302 414**	301 538
	871 151	1 383 928

17. INTEREST-BEARING BORROWINGS *CONTINUED*

	2022 R 000	
Standard Bank of South Africa Limited		
Loan bearing interest at 9.200% (2021: 5.867%) per annum. This loan is repayable on the 8 September 2026. (Facility B2) [3]	**201 613**	201 029
Loan bearing interest at 0.000% (2021: 5.885%) per annum and paid quarterly. This loan was repaid on 9 September 2022. (Facility C) [3&4]	**–**	501 532
Loan bearing interest at 0.000% (2021: 5.153%) per annum and paid quarterly. This loan was repaid on 9 September 2022. (Facility G) [3&4]	**–**	186 860
Loan bearing interest at 0.000% (2021: 5.507%) per annum and paid quarterly. This loan was repaid on 9 September 2022. (Facility I3) [3&4]	**–**	632 037
Loan bearing interest at 9.538% (2021: 6.163%) per annum and paid quarterly. This loan is repayable on 11 December 2025. (Facility N2) [3]	**150 078**	150 025
Loan bearing interest at 8.933% per annum and paid quarterly. This loan is repayable on 9 September 2025. (Facility S) [3,4&5]	**329 161**	–
Loan bearing interest at 9.000% per annum and paid quarterly. This loan is repayable on 9 September 2026. (Facility T) [3&4]	**919 952**	–
Loan bearing interest at 9.158% per annum and paid quarterly. This loan is repayable on 9 September 2027. (Facility U) [3,4&5]	**700 351**	–
Loan bearing interest at 8.950% (2021: 5.617%) per annum and paid quarterly. This loan is repayable on 8 September 2024. (Facility B1) [2&3]	**–**	–
Loan bearing interest at 0.000% (2021: 5.817%) per annum and paid quarterly. This loan was repaid on 9 September 2022. (Facility N1) [3&4]	**–**	–
	2 301 155	1 671 483
Total Gross Borrowings (including accrued interest)	**6 452 070**	6 189 665
Less: Net debt raising fees	**(15 491)**	–
	6 436 579	6 189 665
Disclosed as:		
Non-current borrowings	**6 404 924**	6 150 304
Less: Long-term net debt raising fees	**(9 262)**	–
Non-current borrowings	**6 395 662**	6 150 304
Current borrowings	**40 917**	39 361
Accrued interest expense	**47 146**	39 361
Less: Short-term net debt raising fees	**(6 229)**	–
	6 436 579	6 189 665

(1) This loan is denominated in USD. The loan has been restated at the prevailing USD to Rand exchange rate at year end.
(2) These facilities are revolving credit facilities which were undrawn at 31 December 2022 (2021: undrawn).
(3) The Group's funding strategy is to fund investments from a diverse set of lenders with a common security pool, ("Megapool"). All these loans form part of the Megapool loan. This structure creates pricing tension while ensuring lender investment exposure is of equal quality.
(4) As part of the Group's refinance of R3.778 billion debt during the year, facilities C, G, I1, I2, I3, J1, J2, M2 and N1 were replaced with facilities P1, P2, S, T, U, X, Y, Z1 and Z2.
(5) Sustainability linked loans, with sustainability performance targets ("SPT's") linked to the roll out of solar PV and investment in residential amenities for social upliftment. SPT's met will result in a decrease of between 3-9 basis points (bps) over the funding term. However, if SPT's are not met the margin adjustments would amount to an increase of between 2-7 bps in facilities X, Z1, S, U.
(6) The Falls Rental Company (Pty) Ltd, equity accounted in 2021, is now consolidated in 2022 (refer to note 7).

All loans are linked to JIBAR ("Johannesburg Interbank Agreed Rate"), except for the USD loan with ABSA which is linked to LIBOR ("London Interbank Offered Rate"). Financial authorities are planning the phase out and replacement of the LIBOR before the 30 June 2023. The transition to the new benchmark, SOFR ("Secured Overnight Financing Rate"), is assessed to have insignificant impact on these loans, due to the interest rate being 100% hedged through an interest rate swap agreement, with net cost not expected to change by more than 0.026%.

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For the year ended 31 December 2022

17. INTEREST-BEARING BORROWINGS *CONTINUED*

These loans are secured by first mortgage bonds over a portion of the property portfolio to the value of R12.6 billion (2021: R12.4 billion), and are listed as follows:

Bonded Property

1 Irvine Bell Drive – Empangeni
11 Wankel Street - Jet Park
112 Yaldwyn Road - Jet Park
120 End Street – Doornfontein
120 Loper Avenue – Aeroport
141 Hertz Close - Meadowdale
155/157 Old Main Road - Pinetown
18 Covora Street - Jet Park
2 Beechfield Crescent - Durban
2 Fobian Street – Boksburg
2 Kubu Avenue - Riverhorse Valley
27 Jet Park Rd – Jet Park
28 Goodwood Road - Mahogany Ridge
3 Wankel Street - Jet Park
32/34 Yaldwyn Road - Jet Park
33 Ontdekkers Road - Roodepoort
33/37 Aloefield Crescent - Springfield Park
35 Surprise Road – Pinetown
37 Yaldwyn Road - Jet Park
41 Yaldwyn Road - Jet Park
5 Westgate Place - Westmead
5 Yaldwyn Road - Jet Park
50 Griffiths Mxenge Highway - Durban (75% ownership)
51 Pritchard Street - Johannesburg
57 Sarel Baard Crescent - Centurion
8 Director Drive – Aeroport
85 Newton Street - Meadowdale
88 Loper Avenue – Aeroport
Beryl Street - Jet Park
Bluff Shopping Centre - Durban
Calderwood – Benoni
Cambridge Building - Johannesburg
Cambridge Crossing - Sandton
Celtis Ridge Shopping Centre - Celtisdale
Chapel Court – Johannesburg
Corner Giel Basson Drive & Nathan Malach Street - Goodwood
Coachmans Crossing – Sandton
Comaro Crossing – Oakdene
Corner Gillits & Young Roads – Pinetown
Corner Koornhof Road & Essex Street - Meadowdale
Corner Rudo Nel & Tudor Streets - Jet Park
Corner Staal & Stephenson Roads - Pretoria
Cullinan Jewel Shopping Centre - Cullinan
Davenport Square Shopping Centre - Glenwood
East Point - Boksburg
East Point (Storage) - Boksburg
Elmol House - Johannesburg
Erf 1144 Bardene Extention 48 - Boksburg
Etude - Midrand
Forest Road Design & Décor Centre – Fourways
Frank & Hirsch - Pretoria
Golf Park - Johannesburg
Greenpark Corner - Sandton
Hayfields Mall – Pietermaritzburg
Impilo Place - Johannesburg
Jeppe Post Office - Johannesburg
Living @ Rissik - Johannesburg
Melbourne Court - Johannesburg
Midway Mews - Halfway Gardens
Midway Mews (Storage) - Midrand
Minuet - Midrand
Montana Crossing - Montana
Montana Crossing (Storage) - Montana
Moray House - Johannesburg
Morning Glen Shopping Centre - Sandton
Mpumelelo - Doornfontein
Musgrave Centre – Durban
Newgate - Newtown
Normandie Court - Johannesburg
Northpark Mall - Pretoria North
Northpark Mall (Storage) - Pretoria North
Pine Walk Centre - Pinetown
Platinum Place – New Doornfontein
Springfield Value Centre - Springfield
Springbok Hotel - Johannesburg
Stuttaford House - Johannesburg
Suffert Street – Pinetown
The Falls Life Style Estate - Roodepoort
The Oaks Shopping Centre - Ermelo
Town Square Shopping Centre - Weltevredenpark
Tubatse Village - Limpopo
Tygerberg Business Park – Parow
Umlazi Mega City - Umlazi (75% ownership)
Willow Way Shopping Centre - Lynwood

17. INTEREST-BEARING BORROWINGS *CONTINUED*

The Group is subject to, and is in compliance with, the following covenants:

	2022 Ratio	2021 Ratio
Covenants		
Megapool loans		
Transactional loan to value - including all facilities	**<0.60**	<0.60
Transactional loan to value (including mark to market value) including all facilities	**<0.65**	<0.65
Transactional interest cover ratio	**>1.75**	>1.75
Corporate loan to value (including guarantees)	**<0.50**	<0.50
Corporate interest cover ratio	**>2.00**	>2.00
The Falls Covenants [(1)]		
Loan to value	**<0.65**	–
Interest cover ratio	**>1.50**	–
Vacancy cover	**<0.10**	–
Loan to cost ratio	**<0.65**	–
Current ratios		
Corporate loan to value (including guarantees)	**0.40**	0.41
Corporate interest cover ratio	**2.25**	2.21
Secured portfolio loan to value	**0.50**	0.50
Secured portfolio interest cover ratio	**2.34**	2.78

(1) The Falls Rental Company (Pty) Ltd was equity accounted for in 2021 and consolidated in 2022. Refer to note 7 for further details.

The following table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities.

	2022 R 000	2021 R 000
Reconciliation of interest-bearing borrowings		
Gross interest-bearing borrowings at the beginning of the year	**6 804 665**	7 377 191
Cash available in revolving credit facilities	**(615 000)**	(700 000)
Net interest-bearing borrowings at the beginning of the year	**6 189 665**	6 677 191
Repayment of interest-bearing borrowings	**(688 300)**	(1 456 067)
Proceeds from interest-bearing borrowings	**706 000**	931 500
Acquisition of The Falls [(1)]	**206 063**	-
Foreign exchange adjustments	**29 950**	33 547
Interest paid	**(415 770)**	(342 782)
Interest accrued	**377 316**	346 277
Net interest-bearing borrowings at the end of the year	**6 404 924**	6 189 665
Gross interest-bearing borrowings at the end of the year	**7 002 024**	6 804 665
Cash available in revolving credit facilities	**(597 100)**	(615 000)
Net interest-bearing borrowings at the end of the year	**6 404 924**	6 189 665
Less: Net debt raising fees	**(15 491)**	–
	6 389 433	6 189 665
Less: cash and cash equivalents (includes tenant deposits of R99.8 million) (2021: R100.0 million)	**(180 019)**	(211 327)
Net debt carrying value at the end of the year	**6 209 414**	5 978 338

(1) The Falls Rental Company (Pty) Ltd was equity accounted for in 2021 and consolidated in 2022. Refer to note 7 for further details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

18. DEFERRED TAXATION

Deferred taxation is provided for using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation is charged to profit or loss. A deferred taxation asset is recognised to the extent that it is probable that it will be utilised on future taxable profits. Deferred taxation is raised at tax rates that have been enacted or substantively enacted at the reporting date.

	2022 R 000	2021 R 000
Reconciliation of deferred taxation		
Balance at the beginning of year	**6 167**	8 968
Prior year tax adjustment	**254**	(4 291)
Charged to the statement of comprehensive income [1]	**(1 732)**	1 490
Balance at the end of year	**4 689**	6 167
Comprising:		
Prepayment	**375**	457
Provision and accruals	**602**	710
Assessed loss [2]	**3 735**	5 000
Accelerated tax depreciation	**(518)**	-
Income received in advance	**495**	-
	4 689	6 167

[1] As detailed in note 24.

[2] The assessed loss represents timing differences relating to the employee share-based payments, employee provisions and timing of the recovery of legal fees incurred by management company until completion of the transaction to which these expenses are allocated. The deferred tax asset is capped at the probable timing difference with the balance reflected as a permanent difference. This is particularly relevant to the employee share scheme arising from the devaluations of the share price and changes in the FSP vesting conditions.

19. TRADE AND OTHER PAYABLES

Refer to note 1 for the accounting policy.

The Group has cash management policies in place to ensure that all amounts are paid within the required credit time frame.

	2022 R 000	2021 R 000
Trade and other payables	**421 211**	305 027
Tenant deposits [1]	**104 998**	100 958
Income received in advance	**44 984**	39 146
VAT payable	**5 265**	36 127
Accrued interest	**3 182**	26 509
Unclaimed distributions	**1 766**	1 304
	581 406	509 071

[1] Refer to note 14.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

20. REVENUE

Revenue comprises gross rental income, including all recoveries from tenants. Rental income and fixed operating costs recoveries are recognised on the straight-line basis in accordance with IFRS 16 Leases. Turnover rental income is recognised on the accrual basis and measured at fair value.

As per IFRS 15, revenue from service and property management charges is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered over time. Some property management contracts may include multiple elements of service which are provided to tenants. The Group assesses whether individual elements of service in the contract are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the relative stand-alone selling prices. Where these selling prices are not directly observable, they are estimated based on an expected cost plus margin. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule.

The Group recovers certain property expenses from the tenants for services as determined by the lease agreements. The Group negotiates the terms of the services, manages the relationship with the third party and is ultimately liable for payment to the third party (even if the expense is not recovered from the tenant), and therefore maintains primary responsibility for ensuring that the service is provided. The Group therefore acts as a principal on these transactions when recovering operating costs from tenants and consequently records these amounts gross.

Interest income is recognised at the effective rates of interest on a time related basis. Dividends are recognised when declared. The directors have assessed the following:

- The rental income in terms of the lease agreements, falls outside the scope of IFRS 15, as this is within the scope of IFRS 16 Leases;
- The interest and dividend income falls outside the scope of IFRS 15, as this is included in the IFRS 9 Financial Instruments; and
- The amounts that are included in other income, which falls within the scope of IFRS 15, are recognised when the performance obligations have been fulfilled.

The performance obligations are distinct and stipulated in the agreements with the various parties. The amount recognised as revenue is stipulated in or calculated based on the agreements.

	2022 R 000	2021 R 000
Operating rent	**1 459 234**	1 475 763
Turnover based rent	**16 123**	10 976
Rent	**1 475 357**	1 486 739
Straight-line rent adjustment	**(38 094)**	71 484
Recovery of property expenses	**605 231**	563 229
Revenue	**2 042 494**	2 121 452

21. INTEREST INCOME

	2022 R 000	2021 R 000
Money market investments and call accounts	**6 980**	7 382
Tenant deposits [(1)]	**3 111**	712
Cash and bank balances	**3 716**	2 199
Interest on loan to JV	**–**	12 949
Late payment penalty interest [(2)]	**2 239**	1 968
Total	**16 046**	25 210

[(1)] Interest income earned on tenant deposits is attributable to the Group. This was earned on the balance disclosed per note 14.
[(2)] Penalty Interest charged for late payments received from tenants.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

22. INTEREST EXPENSE

	2022 R 000	2021 R 000
Refer to note 4 for accounting policy.		
Borrowings	**505 876**	490 227
Operational	**1 427**	1 547
Lease liability	**1 421**	2 334
Total	**508 724**	494 108

23. OPERATING EXPENSES

	2022 R 000	2021 R 000
Insurance	**15 017**	14 292
Repairs and maintenance	**60 986**	60 366
Municipal expenses	**540 002**	518 689
Salaries, bonuses and other employee related costs	**96 575**	87 758
Property management fees	**140 540**	127 273
Property expenses	**118 934**	128 051
Audit fees	**8 269**	8 619
Depreciation	**12 004**	11 528
Director fees	**3 309**	4 381
Other expenses	**40 003**	35 952
Total operating expenses	**1 035 639**	**996 909**

For the year ended 31 December 2022

24. TAXATION

Due to the Group's REIT status, the taxation liability is limited to the extent that the distributable income as defined is not distributed by the Group to its shareholders, as set out in section 25BB of the Income Tax Act of 1962. The Group's capital profit is also exempt from capital gains taxation. To the extent that the subsidiary companies comply with the definition, the above exemption will apply.

The income tax expense comprises the sum of current taxation payable and deferred taxation. Taxable profit differs from accounting profit as it excludes income or expenses that are taxable or deductible in other years and it excludes items never deductible or taxable.

	2022 R 000	2021 R 000
South African normal taxation		
Current taxation		
- Current year	**(2 131)**	(5 140)
- Prior year	**–**	2 063
Deferred taxation		
- Current year	**(1 732)**	1 490
- Prior year	**254**	(4 291)
Total	**(3 609)**	(5 878)

Deferred taxation is not provided on the revaluation of properties. Refer to note 5.

	2022	2021
Taxation rate reconciliation		
Standard rate	**28.00%**	28.00%
Distributions vested in beneficiary	**(20.66%)**	(28.60%)
Foreign exchange adjustment on capital loan	**0.90%**	2.00%
Fair value adjustment on investment properties	**0.01%**	22.40%
Fair value adjustment on swap derivatives	**(7.49%)**	(11.70%)
Fair value adjustment on investment property in JVs	**(3.87%)**	3.30%
Fair value adjustment on investment in listed shares	**(0.21%)**	(1.90%)
Capital profit/(loss) on disposal of investment property	**0.18%**	–
Non-distributable income	**1.65%**	(12.50%)
Non-distributable expense	**0.29%**	–
Straight-line rental adjustment	**1.30%**	–
Exempt dividends received	**(0.61%)**	–
Other [(1)]	**0.12%**	(0.16%)
Prior year tax adjustments	**0.01%**	0.10%
Expected credit loss	**0.46%**	–
Forfeitable share plan	**0.36%**	–
Effective rate	**0.44%**	0.94%
Estimated taxation losses for which no deferred taxation asset was raised, due to the REIT tax status of the Group, as the probability of utilising the tax benefit is unlikely.	**264 519**	154 867

[(1)] Other non-taxable income includes unvested dividends from listed companies.

The subsidiary companies eligible for this exemption are only eligible to the extent that they are deemed to be property companies in terms of section 25BB. All subsidiary companies not meeting the requirements of this definition will raise a deferred tax asset to the extent that it is likely that taxable income will arise against which to utilise this asset as detailed in note 18.

For the year ended 31 December 2022

25. EARNINGS AND DILUTED EARNINGS PER SHARE

	2022 R 000	2022 cps	2021 R 000	2021 cps
Earnings	**819 314**	**32.58**	620 883	24.69
Diluted earnings	**819 314**	**32.58**	620 883	24.69

Calculated on the profit after taxation and the weighted average number of shares in issue of 2 514 732 095 (2021: 2 514 732 095). Diluted earnings per share is calculated considering the potential dilution that could occur if all employee incentive shares vested. The number of shares outstanding is adjusted to reflect the potential dilution if all share schemes were settled in SA Corporate Real Estate Limited shares. Total shares awarded but not yet vested under the share incentive schemes are 20 150 938 (2021: 18 831 319) shares. Since all unvested shares would be settled from treasury shares, no change would result in the weighted average number of shares in issue.

26. HEADLINE EARNINGS PER SHARE

The calculation of headline earnings per share is based on headline earnings of R770 809 000 (2021: R1 218 085 000) of the Group and 2 514 732 095 (2021: 2 514 732 095) weighted number of shares in issue during the year.

	2022 R 000	2022 cps	2021 R 000	2021 cps
Reconciliation of profit after taxation to headline earnings				
Profit after taxation attributable to shareholders	**819 314**	**32.58**	620 883	24.69
Adjustments for:				
Capital loss on disposal of investment properties	**5 331**		21 719	
Fair value (profit)/loss on investment properties	**(1 215)**		502 014	
Fair value (profit)/loss on investment properties in JVs	**(52 621)**		73 469	
Headline earnings	**770 809**	**30.65**	**1 218 085**	**48.44**

27. DISTRIBUTABLE INCOME PER SHARE

The Group is required to distribute at least 75% of its distributable income generated during the year in order to retain its REIT status. While the Group has historically distributed 100% of its distributable income, to ensure sustainable distributions after taking into account defensive capex needs, the Group will retain 10% (2021: 10%) of its current distributable income and distribute 90% (2021: 90%). The Group will utilise available assessed losses to minimise any resulting tax leakage.

	2022 cps	2021 cps
Cents per share		
No. 12 declared 16 September 2021 and paid 25 October 2021	–	10.27
No. 13 declared 15 March 2022 and paid 11 April 2022	–	12.62
No. 14 declared 15 September 2022 and paid 24 October 2022	**12.97**	–
No. 15 declared 17 March 2023 and payable 11 April 2023	**11.18**	–
	24.15	22.89

For the year ended 31 December 2022

28. CASH GENERATED FROM OPERATIONS

	2022 R 000	2021 R 000
Profit after taxation	**819 314**	620 883
Adjustments for:		
Interest income	**(16 046)**	(25 210)
Interest expense	**508 724**	494 108
ECL movement	**22 685**	54 562
Amortisation of letting commissions and tenant installations	**22 794**	23 101
Taxation expense	**3 609**	5 878
Fair value loss on investment properties (excluding straight-line rent adjustment)	**36 879**	430 530
Fair value gain on investment in listed shares	**(6 122)**	(42 201)
(Profit)/loss from JVs	**(246 528)**	36 293
Depreciation	**12 004**	11 528
Fair value gain on swap derivatives	**(220 131)**	(262 735)
Capital loss on disposal of investment properties	**5 331**	21 719
Share-based payment expense	**10 602**	2 800
Foreign exchange adjustments on foreign loan	**29 950**	33 547
Foreign exchange adjustment on JVs	**–**	(644)
Foreign exchange adjustment on cross-currency swap	**(4 473)**	11 587
Dividends received	**(17 846)**	(14 545)
Impairment of JVs	**132 822**	19 356
Insurance expense/(income) adjustment relating to reinstatement costs	**48 615**	(280 567)
Other non-cash income	**(807)**	–
Impairment of other financial asset	**1 603**	–
Changes in working capital:		
Decrease in inventories	**–**	229
(Increase)/decrease in trade and other receivables	**(177 149)**	20 571
(Decrease)/increase in trade and other payables	**(3 234)**	33 479
	962 596	1 194 269

29. CAPITALISATION OF INTEREST

Capitalised interest is recognised in profit or loss using the effective interest method, unless the capitalised interest is directly attributable to the acquisition or development of qualifying assets, in which case the directly attributable cost of borrowing is applied.

	2022 R 000	2021 R 000
Interest capitalised during the development phases	**5 615**	15 432

Interest was capitalised at annual rates ranging from 9.2% to 9.3% (2021: 9.1% to 9.2%).
The capitalised interest is included in investment property as detailed in note 5.

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30. LEASE ARRANGEMENTS

	2022 R 000	2021 R 000
Contractual lease receivables are as follows:		
Within one year	**1 078 364**	948 389
Within two years	**840 282**	760 952
Within three years	**652 161**	559 834
Within four years	**453 045**	406 307
Within five years	**316 645**	263 460
Beyond five years	**1 730 358**	1 591 124
	5 070 855	4 530 066
Less: lease revenue on straight-line basis	**(4 754 550)**	(4 175 609)
Straight-lining lease income accrual	**316 305**	354 457
Non-current	**289 271**	323 031
Current	**27 034**	31 426

The Group has assessed the impact of the straight-lining lease income accrual. The Group deems the impact to be immaterial and any negative movements would be reflected in the fair value of investment property.

31. SEGMENTAL RESULTS

Information regularly reported to the Group's chief operating decision makers, being the executive directors, for the purposes of resource allocation and assessment of its performance, is based on the economic sectors in which the investment properties operate. Each sector has an associated risk profile and is managed separately.

On a primary basis, the Group operated in the following reportable segments during the prior year.

- Retail
- Industrial
- Commercial
- Afhco
- Corporate

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For the year ended 31 December 2022

31. SEGMENTAL RESULTS *CONTINUED*

2022 Information on reportable segments	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consolidated R 000
Revenue	**376 559**	**933 403**	**40 141**	**692 391**	**–**	**2 042 494**
Rent income (excluding straight-line rental adjustment)	347 580	537 504	24 563	565 710	–	1 475 357
Other operating income (Insurance claim - Sasria)	–	52 607	–	–	–	52 607
Net property expenses	**(33 979)**	**(60 551)**	**(14 700)**	**(238 417)**	**–**	**(347 647)**
Property expenses	(133 225)	(421 428)	(30 367)	(367 858)	–	(952 878)
Recovery of property expenses	99 246	360 877	15 667	129 441	–	605 231
Net property income	**313 601**	**529 560**	**9 863**	**327 293**	**–**	**1 180 317**
Straight-line rental adjustment	(70 267)	35 022	(89)	(2 760)	–	(38 094)
Other (loss)/income	–	(48 615)	–	807	–	(47 808)
Interest income	–	–	–	–	16 046	16 046
Interest expense	–	–	–	–	(508 724)	(508 724)
Foreign exchange adjustments	–	–	–	–	(27 057)	(27 057)
Dividends from investments in listed shares	–	–	–	–	17 846	17 846
Group expenses	–	–	–	–	(105 446)	(105 446)
Capital loss on disposal of investment properties	–	–	–	–	(5 331)	(5 331)
Fair value gain/(loss) on investment properties	171 089	(53 468)	4 704	(121 110)	–	1 215
Investment properties	100 822	(18 446)	4 615	(123 870)	–	(36 879)
Straight-line rental adjustment	70 267	(35 022)	89	2 760	–	38 094
Impairment of JVs	–	–	–	5 929	(138 751)	(132 822)
Fair value gain on investment in shares	–	–	–	–	6 122	6 122
Profit from JVs	–	–	–	–	246 528	246 528
Fair value gain on swap derivatives	–	–	–	–	220 131	220 131
Taxation expense	–	–	–	(1 877)	(1 732)	(3 609)
Profit/(loss) after taxation	**414 423**	**462 499**	**14 478**	**208 282**	**(280 368)**	**819 314**
Other comprehensive income, net of taxation	–	–	–	–	67 770	67 770
Total comprehensive income/(loss)	**414 423**	**462 499**	**14 478**	**208 282**	**(212 598)**	**887 084**

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31. SEGMENTAL RESULTS *CONTINUED*

2021 Information on reportable segments	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consolidated R 000
Revenue	522 175	864 895	59 136	675 246	–	2 121 452
Rent income (excluding straight-line rental adjustment)	372 086	507 646	40 100	565 881	–	1 485 713
Other operating income (Insurance claim - Sasria)	389	50 547	–	–	–	50 936
Net property expenses	**(43 531)**	**(48 883)**	**(19 244)**	**(271 861)**	**–**	**(383 519)**
Property expenses	(133 357)	(387 760)	(40 597)	(386 060)	–	(947 774)
Recovery of property expenses	89 826	338 877	21 353	114 199	–	564 255
Net property income	328 944	509 310	20 856	294 020	–	1 153 130
Straight-line rental adjustment	60 263	18 372	(2 317)	(4 834)	–	71 484
Other income	803	279 764	–	–	–	280 567
Interest income	–	–	–	–	25 210	25 210
Interest expense	–	–	–	–	(494 108)	(494 108)
Loss from investment in JVs	–	–	–	–	(36 293)	(36 293)
Foreign exchange adjustments	–	–	–	–	(44 490)	(44 490)
Dividends from investments in listed shares	–	–	–	–	14 545	14 545
Impairment of loan to JV	–	–	–	–	(19 356)	(19 356)
Group expenses	–	–	–	–	(105 131)	(105 131)
Capital loss on disposal of investment properties	–	–	–	–	(21 719)	(21 719)
Fair value loss on investment properties	(5 474)	(315 095)	(96 384)	(85 061)	–	(502 014)
Investment properties	54 789	(296 723)	(98 701)	(89 894)	–	(430 529)
Straight-line rental adjustment	(60 263)	(18 372)	2 317	4 833	–	(71 485)
Fair value gain on investment in shares	–	–	–	–	42 201	42 201
Fair value gain on swap derivatives	–	–	–	–	262 735	262 735
Taxation expense	(371)	(156)	–	(4 613)	(738)	(5 878)
Profit/(loss) after taxation	384 165	492 195	(77 845)	199 512	(377 144)	620 883
Other comprehensive income, net of taxation	–	–	–	–	75 442	75 442
Total comprehensive income/(loss)	384 165	492 195	(77 845)	199 512	(301 702)	696 325

31. SEGMENTAL RESULTS *CONTINUED*

2022	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consoli-dated R 000
Investment property at fair value [(1)]	**3 512 530**	**6 848 294**	**287 000**	**4 487 613**	**–**	**15 135 437**
Non-current assets	**3 200 479**	**6 470 535**	**266 068**	**4 136 025**	**–**	**14 073 107**
At valuation	**3 239 900**	**6 431 294**	**267 000**	**4 046 614**	**–**	**13 984 808**
Straight-line rental adjustment	**(39 421)**	**(260 059)**	**(932)**	**(15 893)**	**–**	**(316 305)**
Under development	**–**	**299 300**	**–**	**105 304**	**–**	**404 604**
Current assets	**271 266**	**116 779**	**19 920**	**335 355**	**–**	**743 320**
Classified as held for sale	**272 630**	**117 700**	**20 000**	**335 695**	**–**	**746 025**
Straight-line rental adjustment	**(1 364)**	**(921)**	**(80)**	**(340)**	**–**	**(2 705)**
Other assets	**125 099**	**490 299**	**21 682**	**113 854**	**1 966 484**	**2 717 418**
Total assets	**3 596 844**	**7 077 613**	**307 670**	**4 585 234**	**1 966 484**	**17 533 845**
Total liabilities	**69 228**	**192 591**	**12 759**	**409 102**	**6 529 353**	**7 213 033**
Acquisitions and improvements	**37 217**	**369 537**	**4 885**	**397 686**	**–**	**809 325**

2021	Industrial R 000	Retail R 000	Commercial R 000	Afhco R 000	Corporate R 000	Consoli-dated R 000
Investment property at fair value [(1)]	3 525 080	6 497 205	309 500	4 637 340	–	14 969 125
Non-current assets	3 157 551	6 260 618	276 583	3 980 508	–	13 675 260
At valuation	3 267 950	5 782 178	277 500	3 462 977	–	12 790 605
Straight-line rental adjustment	(110 399)	(225 960)	(917)	(17 182)	–	(354 458)
Under development	–	704 400	–	534 713	–	1 239 113
Current assets	256 476	10 627	31 816	637 183	–	936 102
Classified as held for sale	257 130	10 627	32 000	639 650	–	939 407
Straight-line rental adjustment	(654)	–	(184)	(2 467)	–	(3 305)
Other assets	168 765	441 627	29 252	150 369	1 724 898	2 514 911
Total assets	3 582 792	6 712 872	337 651	4 768 060	1 724 898	17 126 273
Total liabilities	55 686	199 108	17 921	206 116	6 581 079	7 059 910
Acquisitions and improvements	20 735	174 193	2 769	94 762	–	292 459

(1) This excludes straight-line rental assets.

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32. CAPITAL COMMITMENTS

Commitments for the acquisition and development of investment property.

	2022 R 000	2021 R 000
Total capital commitments	**134 943**	150 677

The Group has the ability to fund the commitments from its available cash, debt facilities as detailed in note 17 and disposal pipeline.

33. RELATED PARTIES

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged.

For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee.

Related party transactions and balances

	2022 R 000	2021 R 000
Graduare Mauritius Limited		
Credit enhancement fee income	**3 927**	4 305
Amounts due from related party	**12 215**	8 288

The related party transactions and balances are at arm's length.

Refer to note 6 for the details relating to the loan to JV.

34. SHARE BASED PAYMENTS

One of the Group's subsidiary companies issues shares in SA Corporate Real Estate Limited to qualifying employees as part of its forfeitable share plan ("FSP"). In respect of the FSP, the employee is granted a conditional right to receive the shares subject to specific performance conditions as defined by the remuneration committee and a three-year service condition.

At vesting date only the FSP shares that meet the vesting conditions will be transferred to the employee while the balance and the proportionate share of distributions held will be forfeited.

This plan is recognised and measured as an equity-settled plan at Group level.

Equity-settled awards to employees are measured at the fair value of the equity instruments, on the grant date. The fair value determined on the grant date is expensed over the vesting period. The number of vested shares is revised at each reporting date. All required adjustments are recognised in profit or loss.

Minimum Shareholding

A minimum shareholding condition has been implemented by the Company at levels which are appropriate for each senior executive. The executive directors are required to build up a personal shareholding in the Company over a five-year period from vested FSPs to the extent that this can be achieved from the holding of 50% of post-tax vested FSP awards. The minimum shareholding target for the chief executive officer is 200% of TGP and the target for other executive directors, including the chief financial officer and chief operating officer, is 150% of TGP.

34. SHARE BASED PAYMENTS *CONTINUED*

Malus and Clawback

All employees receiving incentives will be subject to the malus provisions of the policy.

The following categories of employees will be subject to the clawback provisions of the policy:
- Executive directors;
- Executive committee members;
- Prescribed officers; and
- Senior managers.

The clawback period is the period of three years following the payment or settlement of any variable remuneration award.

For trigger events refer to the remuneration policy which is available on the Group's website at https://www.sacorporatefund.co.za/index.php/about-us/corporate-governance#moi-charters-policies-and-checklists

The terms of the plan, as approved by the shareholders at the annual general meeting are:

Forfeitable share plan ("FSP")

Executives and senior employees are offered shares in the Group at no cost to the employee. These shares vest based on the following conditions:

			Performance levels			Vesting date
Key Performance Measure	**Measure**	**Weight**	**Threshold 30% vesting**	**Target 60% vesting**	**Stretch 100% vesting**	
Financial (90% weighting)	Absolute total return (TR) [(1)]	30%	Risk free rate [(4)] plus 3%	Risk free Rate [(4)] plus 4%	Risk free Rate [(4)] plus 5%	19 June 2025
	Relative total return FTSE/JSE SA REIT Index [(3)] (percentile)	30%	40th percentile (FSPs awarded in 2021 will be at the 50th percentile)	60th percentile	75th percentile	17 June 2025
	Relative total shareholder return (TSR) [(2)] FTSE/JSE SA REIT Index [(3)] (percentile)	30%	40th percentile (FSPs awarded in 2021 will be 50th percentile)	60th percentile	75th percentile	17 June 2025
Non-financial (10% weighting)	Average personal score over 3 years vesting period	10%	3	3.5	4	17 June 2025
Total		**100%**				

(1) TR = (closing tangible net asset value per share (TNAVPS) – opening TNAVPS) + DPS for the period)/opening TNAVPS.
(2) TSR = (closing 90-day VWAP – opening 90-day VWAP) + DPS for the period)/Opening 90-day VWAP.
(3) The FTSE/JSE SA REIT Index will be adjusted to excluded property entities with a majority of foreign holdings and investments.
(4) The risk-free rate is equal to an annual average 10-year bond yield.

Valuation of share based payments
The valuation of the FSP is calculated based on the following:
- The probability that the shares are likely to vest based on the above conditions.
- The market price of the share on grant date.

The fair value of the FSP granted was valued using a binomial pricing model. The expected vesting period used in the model has been adjusted based on managements' best estimate for the effects of exercise restrictions and behavioural considerations.

Further details relating to the share incentive schemes are available on the Group's website https://sacorporatefund.co.za/.

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34. SHARE BASED PAYMENTS *CONTINUED*

The valuation was determined based on the following inputs:

Type	Expected vesting %	Dividend yield %	Vesting period (years)
FSP 7	43%	12.63%	3
FSP 8	50%	15.93%	3
FSP 9	50%	15.70%	3

The following payment arrangements were in existence during the current year:

Type	Number of shares	Grant date	Expiry date	Exercise price R	Fair value at grant date R
FSP 7	6 669 994	18 June 2020	18 June 2023	–	1.13
FSP 8	4 637 496	18 June 2021	18 June 2024	–	2.25
FSP 9	8 843 448	17 June 2022	17 June 2025	–	2.08
	20 150 938				

2022 **Movements in shares during the year**	FSP shares
Balance at beginning of year	**18 831 319**
Granted during the year	**9 038 745**
Forfeited during the year	**(3 353 463)**
Vested during the year	**(4 365 663)**
Balance at end of year [1]	**20 150 938**

2021 **Movements in shares during the year**	FSP shares
Balance at beginning of year	19 434 422
Granted during the year	9 355 050
Forfeited during the year	(9 266 320)
Vested during the year	(691 833)
Balance at end of year [1]	18 831 319

[1] The difference between this amount and the 22 937 486 (2021: 27 303 147) per note 16 relates to forfeitures due to resignations.

Plan	Shares	Valuation price per share R	Fair value R 000	Year-end valuation based on time elapsed R 000
Revaluation of shares 2022				
FSP	**20 150 938**	**2.17**	**23 219**	**11 678**
	20 150 938		**23 219**	**11 678**
Revaluation of shares 2021				
FSP	18 831 139	1.57	14 409	6 662
	18 831 139		14 409	6 662

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35. DIRECTORS' REMUNERATION

Short-term benefits paid to directors:

2022	Director fees R 000	Basic salary R 000	Performance Bonus R 000	Pension contribution R 000	Other benefits (1) R 000	Benefit arising from vested shares R 000	Total R 000
Non-executive directors:							
RJ Biesman-Simons	169	–	–	–	–	–	169
N Ford-Hoon(Fok)	606	–	–	–	–	–	606
EM Hendricks	365	–	–	–	–	–	365
GJ Heron	558	–	–	–	–	–	558
SS Mafoyane	422	–	–	–	–	–	422
MA Moloto	787	–	–	–	–	–	787
OR Mosetlhi	589	–	–	–	–	–	589
Executive directors:							
TR Mackey (CEO)	–	3 111	2 579	226	74	8 291	14 281
SY Moodley (CFO)	–	2 145	670	197	–	–	3 012
	3 496	5 256	3 249	423	74	8 291	20 789

2021	Director fees R 000	Basic salary R 000	Performance Bonus R 000	Pension contribution R 000	Other benefits (1) R 000	Benefit arising from vested shares R 000	Total R 000
Non-executive directors:							
RJ Biesman-Simons	603	–	–	–	–	–	603
N Ford-Hoon(Fok)	664	–	–	–	–	–	664
EM Hendricks	470	–	–	–	–	–	470
GJ Heron	606	–	–	–	–	–	606
SS Mafoyane	413	–	–	–	–	–	413
MA Moloto	847	–	–	–	–	–	847
OR Mosetlhi	644	–	–	–	–	–	644
A van Heerden (2)	434	–	–	–	–	–	434
Executive directors:							
TR Mackey (CEO)	–	2 881	1 882	288	61	751	5 863
AM Basson (CFO) (2)	–	2 149	936	215	428	530	4 258
	4 681	5 030	2 818	503	489	1 281	14 802

(1) Other benefits include leave sold, health benefits and reimbursements.
(2) Resigned during the previous year.

35. DIRECTORS' REMUNERATION *CONTINUED*

Share-based payments to directors:

Award share options:	**Group 2022 Number of shares**	**Group 2021 Number of shares**
SY Moodley forfeitable shares		
New number of share awards [1&2]	**1 628 673**	–
Closing number of shares	**1 628 673**	–
AM Basson forfeitable shares		
Opening number of shares	–	3 999 305
New number of share awards [1&2]	–	1 354 115
Vested shares [2]	–	(197 239)
Forfeited shares [2]	–	(5 156 181)
Closing number of shares	–	–
AM Basson co-investment shares		
Opening number of shares	–	347 832
Vested shares [3]	–	(44 265)
Forfeited shares	–	(303 567)
Closing number of shares	–	–
TR Mackey forfeitable shares		
Opening number of shares	**10 198 143**	8 116 108
New number of share awards [1&2]	**3 242 432**	3 026 283
Vested shares [2]	**(3 802 399)**	(339 776)
Forfeited shares [2]	**(2 460 451)**	(604 472)
Closing number of shares	**7 177 725**	10 198 143
	R 000	**R 000**
Total share expense		
TR Mackey Forfeitable Shares	**6 755**	1 419
	6 755	1 419

[1] Strike price is Rnil.

[2] Forfeitable share options:
- The 2018 share issuance was granted on 18 June 2018 and vested on 17 June 2021.
- The 2019 share issuance was granted on 13 December 2019 and vested on 17 June 2022.
- The 2020 share issuance was granted on 18 June 2020 and will vest on 18 June 2023.
- The 2021 share issuance was granted on 18 June 2021 and will vest on 18 June 2024.
- The 2022 share issuance was granted on 17 June 2022 and will vest on 17 June 2025.

[3] These shares are subject to vesting conditions.

36. CONTINGENT LIABILITIES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Where guarantees in relation to loans to related parties are provided for no compensation, the fair values are accounted for as capital contributions and recognised as part of the cost of the investment.

The Group will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

Below is a list of guarantees issued by the Group:

	2022 R 000	2021 R 000
Guaranteed entity		
Graduare Mauritius Limited [1&2]	–	193 637
Graduare Property Development Limited [1,2&3]	**207 024**	–
	207 024	193 637

[1] The guarantee is secured by the underlying property.

[2] The guarantee relates to the co-owner's allocation of the underlying debt and is secured by the 50% shareholding in the JV held by the co-owner. Risk guarantee is "denominated" in USD and has been converted at the closing rate of USD: R16.98 (2021: R15.94).

[3] The guarantee will reduce when the sovereign risk of Zambia reduces.

During the year, the sale agreement of a property portfolio comprising a number of the Group's residential properties, commercial rental businesses and development land in the Johannesburg inner-city by the Afhco Group ("Afhco") to Firstmile Properties JHB CBD Crown Mines (Pty) Ltd became unconditional. The sale is subject to an annual income guarantee for the portfolio over a 3-year period of a net property income ("NPI") of R54.0 million per year. Shortfalls against the guaranteed NPI will be settled annually. During this period, the property management of the portfolio will be undertaken by Afhco. As at 31 December 2022, a liability of R4.2 million has been provided for against this guarantee.

During the current financial year, the Group concluded an agreement with Social Housing Regulatory Authorities ("SHRA") and Gauteng provincial department of human settlement ("GPDHS") in relation to the grant receipt amounting to R36.1 million to be utilised for capital expenditure. The grant is subject to repayment if certain prescribed conditions are not met. At 31 December 2022 the Group had met all conditions of the grant.

Liquidity risk

Refer to note 4 for the accounting policy.

The Group is exposed to liquidity risk resulting from a security guarantee extended to Stanbic in respect of the JV partner's share of the interest-bearing borrowings of JV.

	2022 USD 000	2021 USD 000
Repayment profile		
Due within one year	**12 150**	12 150
	12 150	12 150

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37. IMPACT OF THE CIVIL UNREST

During the civil unrest in July 2021, four of the Group's shopping centres in KwaZulu-Natal sustained significant damage whilst limited damage was caused to several industrial and inner-city properties. The Group's Sasria insurance covers both the damage to the properties and the loss of income incurred as a consequence. The change in the estimate from 2021 to 2022 is due to certainty gained as we approach finalisation of the reinstatement works. The 2022 estimate is a conservative assessment and excludes losses that may still be incurred and claims still in the process of finalisation.

Insurance proceeds in respect of the civil unrest losses of R237.2 million had been received by 31 December 2022, R87.4 million relates to loss of income and R149.8 million relates to re-instatement costs. At 31 December 2022 an insurance receivable debtor of R98.3 million has been raised in respect of expected total reinstatement losses not yet reimbursed by Sasria, R16.1 million relating to loss of income and R82.2 million in relation to reinstatement costs. Subsequent to year end a further payment of R59.5 million was received, bringing the total received to R296.7 million excluding VAT. Given the regular payments received, management have no reason to doubt the collectability of the remaining receivable of R38.8 million.

PROPERTY LOSSES 2022	Total estimated loss			Actual loss incurred to 31 December 2022			
	Reinstatement cost	Loss of income	Total insured loss	Reinstatement cost	Loss of income	Total insured loss	Impairment of investment property
Springfield Value Centre	**190 064**	**73 888**	**263 952**	**157 651**	**48 170**	**205 821**	**20 914**
Other properties[1]	**41 888**	**29 654**	**71 542**	**18 715**	**4 437**	**23 152**	**6 430**
	231 952	**103 542**	**335 494**	**176 366**	**52 607**	**228 973**	**27 344**

[1] Umlazi Mega City/ 50 Griffiths, Davenport Square Shopping Centre and Pinewalk Centre.

PROPERTY LOSSES 2021	Total estimated loss			Actual loss incurred to 31 December 2021			
	Reinstatement cost	Loss of income	Total insured loss	Reinstatement cost	Loss of income	Total insured loss	Impairment of investment property
Springfield Value Centre	230 174	57 679	287 853	11 499	25 718	37 217	218 675
Other properties [1]	50 393	26 131	76 524	16 743	25 218	41 961	33 650
	280 567	83 810	364 377	28 242	50 936	79 178	252 325

[1] Umlazi Mega City/ 50 Griffiths, Davenport Square Shopping Centre and Pinewalk Centre.

38. GOVERNMENT GRANTS

During the current financial year, the Group concluded an agreement with Social Housing Regulatory Authorities ("SHRA") and Gauteng provincial department of human settlement ("GPDHS") in relation to the grant receipt amounting to R36.1 million to be utilised for capital expenditure. The funding relates to capital grant per unit on development of property to subsidise affordable rentals to low- and middle-income households. In return the Group is required to rent the units in accordance with prescribed requirements to approved household income bands/brackets.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants are deferred and released to the statement of comprehensive income in the same period as its related costs or expense. Government grants relating to the development of investment property are included in liabilities as deferred income and are credited to the statement of comprehensive income to compensate for rental discounts granted to low-income households.

The deferred income to the statement of comprehensive income is determined as the difference between the market rental and the subsidised rental being charged to the tenants multiplied by the number of months a tenant has been in occupation. At 31 December 2022, the Group had received R32.5 million. The remaining approved government grant of R3.6 million has not been recognised by the Group at the end of 2022 financial year.

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38. GOVERNMENT GRANTS *CONTINUED*

Reconciliation of movement

	2022 R 000
Received during the year	**32 543**
Released to the rental income	**(298)**
Balance as at 31 December 2022	**32 245**

At 31 December 2022

	2022 R 000
To be released within the next 12 months	**3 236**
To be released within 1 to 5 years	**18 067**
To be released beyond 5 years	**10 942**
	32 245

The grant recipient is also required to establish a maintenance reserve fund once the project is completed. The reserve fund is to be established in order to support emergency repairs, routine maintenance and planned maintenance. To this end an amount of R500 000 has been set aside for this purpose at 31 December 2022. Refer to note 14.

39. DISPOSAL TO FIRSTMILE

During the prior year, the sale agreement of a property portfolio comprising several of the Group's residential properties, commercial rental businesses and development land in the Johannesburg inner-city by the Afhco Group ("Afhco") to Firstmile Properties JHB CBD Crown Mines (Pty) Ltd became unconditional and therefore transferred to held for sale. The total sale consideration amounted to R546.4 million, against which R16.3 million is in respect of sales commission and transaction costs, and R13.4 million for property repairs of a capital nature.

As part of the above transaction, on 13 September 2022, the Group disposed 100% of its shareholding in Elite Star Properties 3 (Pty) Ltd, Only the Best Properties 223 (Pty) Ltd, Rainbow Place Properties 80 (Pty) Ltd and Morulat Property Investments 4 (Pty) Ltd to Firstmile Properties JHB CBD Crown Mines (Pty) Ltd.

Details of net assets disposed are as follows:

	Elite Star Properties 3 (Pty) Ltd R 000	Morulat Property Investments 4 (Pty) Ltd R 000	Rainbow Place Properties 80 (Pty) Ltd R 000	Only the Best Properties 223 (Pty) Ltd R 000	Total R 000
Sale consideration					
Cash	45 045	63 456	100 100	56 753	265 354
Rental guarantee provision raised	(1 087)	(1 996)	(335)	(948)	(4 366)
Working capital adjustment payment	162	2 542	724	105	3 533
Receivable*	–	30 477	–	–	30 477
Net sale consideration	44 120	94 479	100 489	55 910	294 998
Net asset value disposed	(13 566)	–	–	1	(13 565)
Shareholders loan settlement	(34 539)	(106 007)	(119 323)	(60 109)	(319 978)
Loss on disposal	**(3 985)**	**(11 528)**	**(18 834)**	**(4 198)**	**(38 545)**

* Receivable relates to Lustre House that was yet to be transferred at the end of December 2022, although the sale of Morulat Property Investments 4 (Pty) Ltd was effective. The title deed registered at the Deeds Office in respect of Lustre House is subject to a caveat that no dealings with the units will be allowed until such time as the encroachment servitude of the building onto the road is registered ("Encroachment Servitude"). The amount represents the net purchase consideration for Lustre House, which is payable by Firstmile once the encroachment servitude has been registered. The Parties agreed that whilst Firstmile will, at effective date of the agreement, be the registered owner of Morulat, AFHCO Holdings (Pty) Ltd shall enjoy unfettered risk and reward in respect of the Lustre House property. Accordingly, all commercial and economic risk in and benefit attaching to Lustre House shall remain with the Company until the encroachment servitude has been registered at the Deeds Office.

For the year ended 31 December 2022

39. DISPOSAL TO FIRSTMILE *CONTINUED*

The balance of the net sale consideration, R220.8 million, pertaining to this transaction, is expected to be received by quarter four of 2023, and the related properties are held for sale at 31 December 2022.

	Elite Star Properties 3 (Pty) Ltd R 000	Morulat Property Investments 4 (Pty) Ltd R 000	Rainbow Place Properties 80 (Pty) Ltd R 000	Only the Best Properties 223 (Pty) Ltd R 000	Total R 000
Investment in Property	47 617	99 293	105 608	59 957	312 475
Property, plant and equipment	60	124	142	47	373
Tenant installation	72	138	123	–	333
Trade receivables	247	3 046	747	104	4 144
	47 996	102 601	106 620	60 108	317 325
Shareholders loans	(34 539)	(106 007)	(119 323)	(60 109)	(319 978)
Trade payables	(502)	(7 506)	(3 167)	–	(11 175)
	12 955	(10 912)	(15 870)	(1)	(13 828)
Add: cash disposed	611	1 389	1 298	–	3 298
Negative net asset value	–	9 523	14 572	–	24 095
Net asset value disposed	**13 566**	**–**	**–**	**(1)**	**13 565**

The sale includes a 3-year rental guarantee income as follows:

	Elite Star Properties 3 (Pty) Ltd R 000	Morulat Property Investments 4 (Pty) Ltd R 000	Rainbow Place Properties 80 (Pty) Ltd R 000	Only the Best Properties 223 (Pty) Ltd R 000	Total R 000
Rental guarantee rental income	5 330	10 988	11 732	6 653	34 703
Recognised in 2022 financial year	(1 087)	(1 996)	(335)	(948)	(4 366)
Balance to be recognised in future	**4 243**	**8 992**	**11 397**	**5 705**	**30 337**

The sale is subject to an annual income guarantee for the portfolio over a 3-year period of a net property income ("NPI") of R54 million per year. Shortfalls against the guaranteed NPI will be settled annually. During this period, the property management of the portfolio will be undertaken by Afhco. As at 31 December 2022, a liability of R4.2 million has been provided for against this guarantee.

40. GOING CONCERN

The directors have assessed the Group's ability to continue as a going concern. On 31 December 2022, the Group had a positive net asset value with total assets exceeding total liabilities by R10.3 billion (2021: R10.1 billion) and a stable liquidity position, with access to committed undrawn credit facilities of R597 million (2021: R615 million).

During the assessment, the directors considered the expected cash flows, including the anticipated proceeds from disinvestments and cash flows relating to funding and development activities for the next 12 months. A decision was taken to declare 90% of the Group's distributable income. The directors have also assessed the forecasted covenants such as the loan to value and interest cover ratios.

After due consideration as detailed above the Board have concluded that the Group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

41. EVENTS AFTER THE REPORTING PERIOD

The Group declared a distribution of 11.18 (2021: 12.62) cents on the 16 March 2023.

Subsequent to year end, the Group disposed of its listed investment in Safari Investments RSA Limited, for R112.0 million. The Group also entered into a further R400.0 million interest rate swap agreement on 13 January 2023 and settled the USD cross-currency swap (December 2022: net liability of R50.9 million) on 26 January 2023. On 20 January 2023, the Group received R59.5 million as a further interim payment from Sasria in relation to the receivable at year end for properties damaged during the 2021 civil unrest. During March 2023, SA Corporate and Indluplace Properties Limited entered into a scheme implementation agreement in terms of which SA Corporate expressed its firm intention to make an offer to acquire the entire issued ordinary share capital of Indluplace Properties Limited. The effective date of the transaction is subject to the fulfilment of both regulatory and commercial suspensive conditions which include approval by the relevant competition authorities, the JSE and the Take-over Regulation Panel. Please refer to the SENS announcement issued on the 14 March 2023 for further detail.

The Directors are not aware of any other significant events between the end of the financial year under review and the date of signature of these financial statements.

SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | RESIDENTIAL | REST OF AFRICA

2022

COMPANY ANNUAL FINANCIAL STATEMENTS

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Notes	2022 R 000	2021 R 000
Assets			
Non-current assets			
Investment in subsidiaries	3	**7 314 383**	6 871 730
Loans to subsidiary companies	3	**4 135 187**	4 475 640
Investments in JVs	4	**1 201 078**	869 876
Investment in listed shares	5	**52 993**	162 871
Other financial assets	5	**651**	2 396
		12 704 292	12 382 513
Current assets			
Loans to subsidiary companies	3	**144 105**	126 727
Investment in listed shares	5	**116 000**	–
Other receivables	6	**1 815**	1 836
Cash and cash equivalents	7	**117 998**	155 578
		379 918	284 141
Total Assets		**13 084 210**	12 666 654
Equity and liabilities			
Equity			
Share capital and reserves	8	**10 400 835**	9 818 019
Liabilities			
Non-current liabilities			
Loans from subsidiary companies	3	**2 292 239**	2 371 152
Current liabilities			
Loans from subsidiary companies	3	**282 829**	457 933
Trade and other payables	9	**108 307**	19 550
		391 136	477 483
Total liabilities		**2 683 375**	2 848 635
Total equity and liabilities		**13 084 210**	12 666 654

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 R 000	2021 R 000
Revenue	10	**605 573**	650 323
Other operating expenses	11	**(11 835)**	(12 464)
Operating profit		**593 738**	637 859
Interest income	12	**7 993**	7 239
Foreign exchange adjustments		**67 770**	75 442
Capital gain on disposal of investment properties		**–**	8
Fair value gain/(loss) on investment in subsidiary companies	3	**442 653**	(234 707)
Fair value gain/(loss) on investment in JVs	4	**107 777**	(98 583)
Fair value gain on investment in listed shares	5	**6 122**	42 201
Profit before taxation		**1 226 053**	429 459
Taxation expense	13	**–**	2 063
Profit after taxation for the year		**1 226 053**	431 522
Other comprehensive income		**–**	–
Total comprehensive income for the year		**1 226 053**	431 522

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital R 000	Non-distributable reserves R 000	Distributable reserves R 000	Total equity R 000
Balance at 1 January 2021	**9 193 652**	**1 187 512**	**(285 459)**	**10 095 705**
Profit for the year	–	–	431 522	431 522
Other comprehensive income	–	–	–	–
Total comprehensive income	**–**	**–**	**431 522**	**431 522**
Fair value loss on investment in subsidiary companies	–	(234 707)	234 707	–
Capital gain on sale of investment property	–	8	(8)	–
Fair value gain on investments in listed shares	–	42 201	(42 201)	–
Acquisition of subsidiary cost	–	(1 597)	1 597	–
Fair value loss on investments in JVs	–	(23 141)	23 141	–
	9 193 652	970 276	363 299	10 527 227
Distributions attributable to shareholders	–	–	(709 208)	(709 208)
Shareholders' equity at 31 December 2021	**9 193 652**	**970 276**	**(345 909)**	**9 818 019**
Profit for the year	**–**	**–**	**1 226 053**	**1 226 053**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**1 226 053**	**1 226 053**
Fair value gain on investment in subsidiary companies	**–**	**442 653**	**(442 653)**	**–**
Fair value gain on investments in listed shares	**–**	**6 122**	**(6 122)**	**–**
Fair value gain on investments in JVs	**–**	**107 777**	**(107 777)**	**–**
	9 193 652	**1 526 828**	**323 592**	**11 044 072**
Distributions attributable to shareholders	**–**	**–**	**(643 237)**	**(643 237)**
Shareholders' equity at 31 December 2022	**9 193 652**	**1 526 828**	**(319 645)**	**10 400 835**
Note				**8**

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 R 000	2021 R 000
Cash flows from operating activities			
Cash used in operations	16	**(50 709)**	(4 147)
Interest received		**7 993**	7 368
Distributions received		**605 573**	650 323
Distributions paid	15	**(643 237)**	(709 208)
Taxation refund		**–**	2 063
Net cash used in operating activities		**(80 380)**	(53 601)
Cash flows from investing activities			
Loans repaid by subsidiary companies		**46 550**	723 073
Loans advanced to subsidiary companies		**(101 163)**	(659 049)
Income from investment property held in prior period		**–**	8
Receipts from JVs	4	**16 095**	46 608
Decrease in other financial assets		**1 921**	1 849
Development equity contribution paid		**(76 817)**	–
Proceeds from insurance relating to reinstatement costs		**123 672**	–
Acquisition of listed shares	5	**–**	(7 870)
Government grant received		**32 542**	–
Net cash inflow from investing activities		**42 800**	104 619
Total cash and cash equivalents movement for the year		**(37 580)**	51 018
Cash and cash equivalents at the beginning of the year		**155 578**	104 560
Total cash and cash equivalents at the end of the year	**7**	**117 998**	155 578

ACCOUNTING POLICIES

For the year ended 31 December 2022

1. GENERAL INFORMATION

SA Corporate Real Estate Limited ("the Company"), established in the Republic of South Africa, is a Real Estate Investment Trust ("REIT"). The Company is listed on the JSE and has a secondary listing on the A2X.

The principal accounting policies applied in the preparation of these separate financial statements are consistent with those set out in the consolidated annual financial statements. In addition to those policies, the following policies apply specifically to these separate financial statements.

1.1 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant estimates and judgements include:

1.1.1 Investment in JVs and subsidiaries

The Company accounts for all investment in subsidiaries and JVs at fair value. The value of the investment in the JVs and subsidiaries is deemed to be that of the underlying properties, as the property company fully distributes all the distributable income

1.1.1.1 Estimate of the fair value of investment property

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. In making its judgement, the Company considers information from a variety of sources including:

- Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences.
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.
- Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.
- The fair value of the inner-city retail, residential and commercial investment properties was based on the capitalisation of the net income earnings in perpetuity. The discounted cash flow method is not appropriate in these portfolios due to the short term nature of the portfolio's leases.

1.1.1.2 Principal assumptions of the Directors' estimation of fair value

If information on current or recent prices is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Company used assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying management's estimation of fair value are those related to:

- The receipt of contracted rentals, expected future market rentals, lease renewals, maintenance requirements and appropriate discount and capitalisation rates.
- These valuations are regularly compared to actual market yield data, actual transactions by the Company and those reported by the market.
- The expected future market rentals are determined with reference to current market rentals for similar properties in the same location and condition.

1.1.2 Loans to/(from) subsidiaries

All loan to/(from) subsidiaries are measured at amortised cost less any impairment. Impairment will only arise should the value of the investment property of the respective subsidiary fall below the value of the loan.

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

2.1 Accounting policies objectives

2.1.1 Financial assets

The Company classifies its financial assets into one of the categories detailed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

2.1.1.1 Fair value through profit or loss

This category comprises of investment in subsidiary, investment in JVs, investment in listed shares and loans to developers settled through the transfer of properties.

These assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Dividends received from investments in listed shares are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investment's carrying amount.

2.1.1.2 Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses.

Refer to note 2.3 for the classification of financial instruments, for assets measured at amortised cost.

2.1.2 Financial liabilities

The Company classifies its financial liabilities as financial liabilities at amortised cost.

The Company's accounting policy for financial liabilities at amortised cost is as follows:

2.1.2.1 Financial liabilities at amortised cost

Other financial liabilities, namely other payables and other short-term monetary liabilities are initially recognised at fair value net of transaction cost directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes any interest payable while the liability is outstanding.

2.1.3 Equity instruments

Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

2.2 Fair value

2.2.1 Fair value of financial assets and liabilities that are measured at fair value on a recurring basis:

The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs, other quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data i.e. unobservable inputs.

2.2.2 Fair value of financial instruments measured at amortised cost

Financial instruments measured at amortised costs includes cash and cash equivalents, trade and other receivables, trade and other payables and loans. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

2.2.3 Expected credit losses (''ECL")

Refer to note 4.3 of the consolidated annual financial statements for the ECL accounting policy.

For the year ended 31 December 2022

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

2.3 Classification of financial instruments:

The following table sets out the fair value measurement level and classification of all assets, liabilities and equity.

Categories of financial instruments 2022

2022 R 000	Fair value measurement	Financial asset Non-derivative FVTPL	Financial asset Non-derivative Amortised cost	Equity instrument	Total	ECL assessment note reference
Non-current assets						
Loans to subsidiary companies		–	4 135 187	–	4 135 187	3
Investment in listed shares	Level 1	52 993	–	–	52 993	
Investment in subsidiaries	Level 3	7 314 383	–	–	7 314 383	
Investments in JVs	Level 3	1 201 078	–	–	1 201 078	4
Other financial assets		–	651	–	651	5
		8 568 454	4 135 838	–	12 704 292	
Current assets						
Loans to subsidiary companies		–	144 105	–	144 105	
Other receivables		–	1 815	–	1 815	6
Investment in listed shares		116 000	–	–	116 000	
Cash and cash equivalents		–	117 998	–	117 998	7
		116 000	263 918	–	379 918	
Total assets		8 684 454	4 399 756	–	13 083 468	
Equity						
Share capital and reserves		–	–	10 400 835	10 400 835	
Liabilities						
Non-current liabilities						
Loans from subsidiary companies		–	2 292 239	–	2 292 239	
		–	2 292 239	–	2 292 239	
Current liabilities						
Loans from subsidiary companies		–	282 829	–	282 829	
Trade and other payables		–	108 307	–	108 307	
		–	391 136	–	391 136	
Total liabilities		–	2 683 375	–	2 683 375	
Total equity and liabilities		–	2 683 375	10 400 835	13 084 210	

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Categories of financial instruments 2021

2021		Financial asset				
		Non-derivative				
R 000	Fair value measurement	FVTPL	Amortised cost	Equity instrument	Total	ECL assessment note reference
Non-current assets						
Loans to subsidiary companies		–	4 475 640	–	4 475 640	3
Investment in listed shares	Level 1	162 871	–	–	162 871	
Investment in subsidiary companies	Level 3	6 871 730	–	–	6 871 730	
Investment in JVs	Level 3	869 876	–	–	869 876	4
Other financial assets		–	2 396	–	2 396	5
		7 904 477	4 478 036	–	12 382 513	
Current assets						
Loans to subsidiary companies		–	126 727	–	126 727	
Other receivables		–	1 836	–	1 836	6
Cash and cash equivalents		–	155 578	–	155 578	7
		–	284 141	–	284 141	
Total assets		7 904 477	4 762 177	–	12 666 654	
Equity						
Share capital and reserves		–	–	9 818 019	9 818 019	
Liabilities						
Non-current liabilities						
Loans from subsidiary companies		–	2 371 152	–	2 371 152	
		–	2 371 152	–	2 371 152	
Current liabilities						
Loans from subsidiary companies		–	457 933	–	457 933	
Trade and other payables		–	19 550	–	19 550	
		–	477 483	–	477 483	
Total liabilities		–	2 848 635	–	2 848 635	
Total equity and liabilities		–	2 848 635	9 818 019	12 666 654	

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Risk Management
The Company is exposed through its operations to business risk, financial risk, regulatory and compliance risk. The financial risks are classified in the following categories:

- Liquidity risk
- Market risk
  - Foreign currency risk
  - Interest rate risk
  - Capital risk
- Credit risk

The categories of financial instruments and risk classifications are tabulated as follows:

Financial instruments: 2022 R 000	Financial instrument	Credit risk	Liquidity risk	Foreign currency risk	Interest rate risk	Price risk	Capital risk
Non-current assets							
Loans to subsidiary companies	4 135 187	4 135 187	–	–	–	–	–
Investment in listed shares	52 993	52 993	–	–	–	52 993	–
Investment in subsidiary companies	–	7 314 383	–	–	–	–	–
Investment in JVs	–	1 201 078	–	1 201 078	–	–	–
Other financial assets	651	651	–	–	651	–	–
	4 188 831	12 704 292	–	1 201 078	651	52 993	–
Current assets							
Loans to subsidiary companies	144 105	144 105	–	–	–	–	–
Investment in listed shares	116 000	116 000	–	–	–	116 000	–
Other receivables	1 815	1 815	–	–	–	–	–
Cash and cash equivalents	117 998	117 998	–	–	117 998	–	117 998
	379 918	379 918	–	–	117 998	116 000	117 998
Total financial assets	4 568 749	13 084 210	–	1 201 078	118 649	168 993	117 998
Equity							
Share capital and reserves	–	–	–	–	–	–	10 400 835
Liabilities							
Non-current liability							
Loans from subsidiary companies	2 292 239	–	2 292 239	–	2 292 239	–	–
	2 292 239	–	2 292 239	–	2 292 239	–	–
Current liabilities							
Loans from subsidiary companies	282 829	–	282 829	–	282 829	–	–
Other payables	108 307	–	108 307	–	108 307	–	–
	391 136	–	391 136	–	391 136	–	–
Total liabilities	2 683 375	–	2 683 375	–	2 683 375	–	–
Total equity and liabilities	2 683 375	–	2 683 375	–	2 683 375	–	10 400 835

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Financial instruments: 2021 R 000	Financial instrument	Credit risk	Liquidity risk	Foreign currency risk	Interest rate risk	Price risk	Capital risk
Non-current assets							
Loans to subsidiary companies	4 475 640	4 475 640	–	–	–	–	–
Investment in listed shares	162 871	162 871	–	–	–	162 871	–
Investment in subsidiary companies	–	6 871 730	–	–	–	–	–
Investment in JVs	–	869 876	–	869 876	–	–	–
Other financial assets	2 396	2 396	–	–	2 396	–	–
	4 640 907	12 382 513	–	869 876	2 396	162 871	–
Current assets							
Loans to subsidiary companies	126 727	126 727	–	–	–	–	–
Other receivables (1)	1 836	1 836	–	–	–	–	–
Cash and cash equivalents	155 578	155 578	–	–	155 578	–	155 578
	284 141	284 141	–	–	155 578	–	155 578
Total financial assets	4 925 048	12 666 654	–	869 876	157 974	162 871	155 578
Equity							
Share capital and reserves	–	–	–	–	–	–	9 818 019
Liabilities							
Non-current liability							
Loans from subsidiary companies	2 371 152	–	2 371 152	–	2 371 152	–	–
	2 371 152	–	2 371 152	–	2 371 152	–	–
Current liabilities							
Loans from subsidiary companies	457 933	–	457 933	–	457 933	–	–
Other payables	19 550	–	19 550	–	19 550	–	–
	477 483	–	477 483	–	477 483	–	–
Total liabilities	2 848 635	–	2 848 635	–	2 848 635	–	–
Total equity and liabilities	2 848 635	–	2 848 635	–	2 848 635	–	9 818 019

Liquidity risk management

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet it's liabilities when they become due. To achieve this aim, it seeks to maintain cash balances and agreed facilities to meet expected requirements for a period of at least 3 months. The Company also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings, this is further discussed in the "interest rate risk" section below.

The liquidity risk of the Company is managed by the treasury function. Each operation has a facility with group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the Board in advance, enabling the Company's cash requirements to be anticipated. Where facilities of the Company need to be increased, approval must be sought from the Company chief financial officer.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Repayment profile

	2022 R 000	2021 R 000
Less than one year		
Other payables [(1)]	108 309	18 246
Loans from subsidiary companies	282 829	457 933
	296 031	476 179
Between one and five years		
Loans from subsidiary companies	2 292 239	2 371 152

[(1)] Excluding unclaimed distributions and income received in advance.

The Company expects to meet its obligations from cash generated from investing activities, as well as access to undrawn borrowing facilities through its subsidiary, SA Retail Properties (Pty) Ltd ("SA Retail"), which is administered through the Group's treasury function. SA Retail is in a solvent position and has sufficient borrowing facilities to support both its own and the Company's current obligations, therefore the Company expects to meet its other obligations from operating cash flows and existing facilities.

The Company has issued certain guarantees. Refer to note 36 Contingent Liabilities in the consolidated annual financial statements for further information regarding these guarantees and the corresponding liquidity risk disclosure.

Market risk

- **Foreign currency risk management**
  The Company is only exposed to the USD currency through its investment in JVs which is a financial instrument.

- **Foreign currency sensitivity analysis**
  The Company is only exposed to the USD currency. A 5% (2021:5%) fluctuation in the Rand against the USD would result in a R64.8 million (2021: R43.5 million) movement in the profit/(loss) from JV. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

  A positive number below indicates an increase in profit or equity where the Rand strengthens against the USD. For a weakening of the Rand against the USD, there would be a comparable negative impact on the profit or equity.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

- **Interest rate risk management**
  The Company is exposed to interest rate risk through its variable rate cash balances, receivables and payables. The Company enters into interest rate swap contracts, from time to time, for the purposes of cash flow hedging. The Company does not apply hedge accounting.

- **Interest rate sensitivity analysis**
  The sensitivity analysis is based on the exposure to interest rates at the reporting date. For floating rate assets and liabilities, the analysis assumes that the amount of asset or liability outstanding at the reporting date was outstanding for the whole year.

  A 50 basis point increase or decrease is used when reporting interest rates internally to key management personnel and represents management's reasonable assessment of the possible change in interest rates.

  If interest rates were 50 basis points higher or lower and all other variables were constant, the Company's net profit for the year ended 31 December 2022 would decrease or increase by R0.6 million (2021: increase or decrease by R0.8 million).

Capital risk management
The Company's capital comprises shareholders' equity and interest bearing borrowings. Capital is actively managed to ensure that the Company is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of its stakeholders.

The Company has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analysis of forecasts, that the Company's capital is managed.

Specifically, the Company has adopted the following capital management policies:

- Maintenance, as a minimum, of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary.
- Maintenance of an appropriate level of liquidity at all times. The Company further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts and any strategic initiatives.
- Maintenance of an appropriate level of issued shares based on approval from the shareholders and the Board.

The Company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

This strategy has not changed from the prior year.

Credit risk management
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk with regard to other receivables is minimised by the diversity of counterparties, spread across diverse industries and geographical areas.

Further disclosures regarding other receivables are provided in note 6.

Credit risk attached to the Company's cash and cash equivalents is minimised by its cash resources being placed in money market investments with several financial institutions of high credit standing, in terms of pre-determined exposure limits. Exposure limits and underlying money market exposures are assessed bi-annually and reviewed by the Audit and Risk Committee to limit concentration to a single institution and to monitor the risks associated with the underlying money market exposures.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *CONTINUED*

Cash in bank and short–term deposits

2022	Rating	Cash at bank	Short term deposits	Total
		R 000	R 000	R 000
First National Bank Limited, a division of FirstRand Limited	**AA**	**59 293**	**312**	**59 605**
Nedbank Limited	**AA**	**–**	**58 393**	**58 393**
		59 293	**58 705**	**117 998**

2021	Rating	Cash at bank	Short term deposits	Total
		R 000	R 000	R 000
First National Bank Limited, a division of FirstRand Limited	AA	10 315	122	10 437
Investec Bank Limited [1]	AA	–	40 412	40 412
Nedbank Limited [1]	AA	–	104 729	104 729
		10 315	145 263	155 578

[1] The credit ratings reflected are in respect of the institutions where the money market accounts are held. At 31 December 2022 the Company held no funds on deposit in money market accounts. On a look-through basis at 31 December 2021 69% of the funds were held at institutions with AA rating and 31% was held at institutions with a AAA rating.

Management monitors the credit ratings of counterparties regularly. As at the reporting date we do not expect any losses from non-performance by the counterparties. For all financial assets to which the impairment requirements have not been applied the carrying amount represents the maximum exposure to credit loss.

Price risk sensitivity analysis

Price sensitivity is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to price risk through its investment in listed property shares.

The following sensitivity analysis has been prepared using a sensitivity rate which is used when price risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At 31 December 2022, if the market price of the investment in listed shares had been 5% higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R8.4 million (2021: R8.1 million) higher or lower.

For the year ended 31 December 2022

3. INVESTMENTS AND LOANS TO/(FROM) SUBSIDIARY COMPANIES

Subsidiary companies	2022 R 000	2021 R 000	2022 R 000	2021 R 000	2022 R 000	2021 R 000
	Current loans		Non-current loans		Investments	
Afhco Holdings (Pty) Ltd and its subsidiaries	**20 082**	(102 880)	**3 872 881**	4 229 257	**266 190**	276 010
Blue Heron (Pty) Ltd	**18**	(545)	**(33 585)**	(33 585)	**33 609**	33 797
Dune Lark Investments (Pty) Ltd	**(165)**	(470)	**(51 315)**	(51 315)	**51 423**	51 602
Erf 84-85-86 Shakas Head (Pty) Ltd	**(290)**	(1 101)	**(21 611)**	(21 611)	**22 575**	23 203
Grey Heron Investments (Pty) Ltd	**96**	(182)	**(23 113)**	(23 113)	**22 959**	23 231
Jrad Investments (Pty) Ltd	**(99)**	(63)	**–**	–	**–**	–
Madison Park Properties 24 (Pty) Ltd	**(1 481)**	(1 940)	**92 259**	92 721	**–**	–
Rock Kestrel Investments (Pty) Ltd	**(13)**	(162)	**(4 851)**	(4 851)	**4 812**	4 861
SA Corporate Real Estate Fund Managers (Pty) Ltd	**59 486**	67 573	**–**	–	**617**	3 174
SA Retail Properties (Pty) Ltd and its subsidiaries	**(273 866)**	(344 073)	**(2 155 019)**	(2 233 934)	**6 775 380**	6 317 783
Stondell Investments (Pty) Ltd	**2 713**	2 652	**(2 745)**	(2 745)	**9**	61
Umlazi Mega City (Pty) Ltd	**61 710**	56 502	**157 844**	141 462	**75 257**	76 242
Whirlprops 25 (Pty) Ltd	**–**	–	**–**	–	**–**	286
Wood Ibis Investments (Pty) Ltd	**(6 915)**	(6 517)	**12 203**	12 202	**61 552**	61 480
	(138 724)	(331 206)	**1 842 948**	2 104 488	**7 314 383**	6 871 730
Non-current intercompany asset	**–**	–	**4 135 187**	4 475 640	**7 314 383**	6 871 730
Non-current intercompany liability	**–**	–	**(2 292 239)**	(2 371 152)	**–**	–
Current intercompany asset	**144 105**	126 727	**–**	–	**–**	–
Current intercompany liability	**(282 829)**	(457 933)	**–**	–	**–**	–
	(138 724)	(331 206)	**1 842 948**	2 104 488	**7 314 383**	6 871 730

The intercompany loans are unsecured and interest free. No specific repayment terms exist. The non-current loans are viewed as long-term loans to the subsidiaries and as such are only expected to be redeemed if the underlying property is sold.

Management deemed the estimated credit loss to be R44.1 million (2021: R44.1 million), as the loans are supported by the underlying investment properties. The ECL on loans receivables is limited to the net asset value of the subsidiaries.

SA Retail's claims against certain of its subsidiary companies were also subordinated in favor of creditors to the extent of the deficit of the shareholder equity of the companies of R20.3 million (2021: R20.9 million). SA Retail is the borrower on behalf of the Group. Any non-working capital advances from SA Retail will only be repaid as the interest-bearing borrowings are settled from the sale of investment properties, listed shares or equity issuances. Since the properties are held to generate returns and not for resale, unless the sustained returns are not satisfactory to the Group or no longer aligns with the Group's strategy, these loans are not repayable in the next 12 months.

The value of the investment in the property companies is deemed to be that of the underlying companies' net asset value. The fair value of the entire portfolio of investment properties was determined by independent registered valuers and approved on 6 February 2023 by the Board of Directors. Refer to note 1.1.1.1.

The Company holds 100% of share capital for all subsidiaries. The principal place of operations of all entities is Johannesburg.

3. INVESTMENTS AND LOANS TO/(FROM) SUBSIDIARY COMPANIES *CONTINUED*

Level 3 (as detailed in note 2)

	2022 R 000	2021 R 000
Financial assets designated as at FVTPL		
Carrying value at beginning of year	**6 871 730**	7 076 360
Fair value gain/(loss) in investment in subsidiary companies recognised through profit or loss	**442 653**	(234 707)
Reclassified as loan from subsidiary	**–**	30 077
Carrying value at end of year	**7 314 383**	6 871 730

As the value of the investment in subsidiaries is deemed to be that of the underlying properties, refer to note 5 of the consolidated annual financial statements.

4. INVESTMENT IN JOINT VENTURES

Joint ventures

The Company has a 50% (2021: 50%) ownership in the Mauritian legal entities which has 99.9% (2021: 99.9%) ownership in the Zambian entities. The principal place of business is Lusaka, Zambia. The fair value of the identifiable assets, liabilities, revenue and profit or loss are shown below. This is representative of 100% of the respective entities and not the Company's ownership thereof.

Details of the Company's JVs are as follows:

2022 R 000	Ancona Mauritius Limited	Graduare Mauritius Limited	Premier LM &C Mauritius Limited	Total
Non-current assets	223 103	2 138 504	1 127 011	3 488 618
Current assets	13 092	642 245	35 784	691 121
Total assets	236 195	2 780 749	1 162 795	4 179 739
Non-current liabilities	13 034	641 691	248 092	902 817
Current liabilities	6 380	312 220	43 416	362 016
Total liabilities	19 414	953 911	291 508	1 264 833
Net asset	216 781	1 826 838	871 287	2 914 906
Non-controlling interest	–	–	(235 248)	(235 248)
Net asset attributable to shareholders	216 781	1 826 838	636 039	2 679 658
Revenue	23 083	207 852	45 536	276 471
Profit from JVs	8 419	391 947	304 699	705 065
Fair value movement in investment property included in profit above	(8 831)	325 493	267 312	583 974
Reconciliation of the above summarised information				
Net assets of the JV	216 781	1 826 838	636 039	2 679 658
Proportion of the Company's ownership interest in the JVs	50%	50%	50%	
Net asset at 50% ownership	108 390	913 419	318 020	1 339 829
Impairment of JV	–	–	(138 751)	(138 751)
Carrying amount of the Company's interest in JVs	108 390	913 419	179 269	1 201 078

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

4. INVESTMENT IN JOINT VENTURES *CONTINUED*

Reconciliation of the above summarised information

2022 R 000	Ancona Mauritius Limited	Graduare Mauritius Limited	Premier LM &C Mauritius Limited	Total
Non-current assets				
Investment property	**212 289**	**2 083 317**	**1 090 099**	**3 385 705**
Furniture and equipment	**440**	**1 111**	**26 419**	**27 970**
Rent receivable - straight-line rent adjustment	**1 899**	**10 417**	**13 036**	**25 352**
Capital work in progress	**1 363**	**43 660**	**22 968**	**67 991**
Current assets				
Cash and cash equivalents	**11 228**	**73 640**	**21 236**	**106 104**
Rent receivable - straight-line rent adjustment	**165**	**1 584**	**738**	**2 487**
Non-current liabilities				
Shareholder loan	**–**	**60 201**	**–**	**60 201**
Non-current lease straight-line rent adjustment	**2 064**	**12 001**	**1 085**	**15 150**
Interest-bearing borrowings	**–**	**842 215**	**127 373**	**969 588**
Finance cost	**–**	**(12 907)**	**–**	**(12 907)**

2021 R 000	Ancona Mauritius Limited	Graduare Mauritius Limited	Premier LM &C Mauritius Limited	Total
Non-current assets	215 786	1 609 833	471 815	2 297 434
Current assets	1 340	155 952	8 057	165 349
Total assets	217 126	1 765 785	479 872	2 462 783
Non-current liabilties	12 208	160 488	4 720	177 416
Current liabilities	7 039	418 938	119 636	545 613
Total liabilities	19 247	579 426	124 356	723 029
Revenue	15 964	95 785	37 415	149 164
(Loss)/Profit from JVs	(38 820)	(60 365)	38 029	(61 156)
Fair value movement in investment property included in (loss)/profit above	(47 852)	(113 473)	14 386	(146 939)
Reconciliation of the above summarised information				
Net assets of the JV	197 879	1 186 359	355 516	1 739 754
Proportion of the Company's ownership interest in the JVs	50%	50%	50%	
Carrying amount of the Group's interest in JVs	**98 939**	**593 179**	**177 758**	**869 876**

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

4. INVESTMENT IN JOINT VENTURES *CONTINUED*

2021 **R 000**	**Ancona Mauritius Limited**	**Graduare Mauritius Limited**	**Premier LM &C Mauritius Limited**	**Total**
Non-current assets				
Investment property	207 502	1 173 137	386 955	1 767 594
Furniture and equipment	–	1 426	6 236	7 662
Rent receivable - straight-line rent adjustment	1 609	4 281	930	6 820
Capital work in progress	–	430 989	111	431 100
Current assets				
Cash and cash equivalents	1 995	5 078	4 240	11 313
Rent receivable - straight-line rent adjustment	305	143	300	748
Non-current liabilities				
Shareholder loan	–	157 923	–	157 923
Non-current lease straight-line rent adjustment	1 913	4 424	1 230	7 567
Interest-bearing borrowings	–	254 072	–	254 072
Finance cost	–	(15 057)	–	(15 057)

In terms of the of the five year tax indemnity, this exemption has now expired and the Group is no longer entitled to be compensated for the tax incurred in Zambia. This guarantee is not included in the investment in the JVs. This has been recognised in the statement of comprehensive income.

The value of the investment in the JVs is deemed to be that of the underlying net asset value of the investment property companies, as the JVs fully distribute all distributable income. The fair value of the entire portfolio of investment properties was determined by independent registered valuers and approved on 6 February 2023 by the Board of Directors. Refer note 1.1.1 for further information relating to the fair value input assumptions used in determining the fair value of the JVs.

The sensitivity analysis is based on the exposure to the discount rates and growth rates at the reporting date, which is the most sensitive variable in determining the valuation of the underlying investment property, which is the most significant input in the valuation of the JVs.

A 50 basis points increase or decrease in the discount rate and a 100 basis points increase or decrease in growth rates represents management's reasonable assessment of the possible change in market rates.

	(1.0%) **R 000**	**Capitalisation rate** **Current** **R 000**	**1.0%** **R 000**
Investment in JVs 2022			
Discount rate			
(0.5%)	**1 219 154**	**1 207 083**	**1 195 012**
Current	**1 213 089**	**1 201 078**	**1 189 067**
0.5%	**1 207 023**	**1 195 073**	**1 183 122**
Investment in JVs 2021			
Discount rate			
(0.5%)	967 095	898 328	845 017
Current	936 196	869 876	818 476
0.5%	906 579	842 597	793 023

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

4. INVESTMENT IN JOINT VENTURES *CONTINUED*

	2022 R 000	2021 R000
Carrying value at beginning of year	**869 876**	935 644
Revaluation of Investment in JVs	**107 777**	(98 583)
Foreign currency translation reserve	**67 770**	75 442
Development equity contribution - cash paid	**76 817**	–
Development equity contribution - accrued	**94 933**	–
Reallocation of debtor balance to investment	**–**	3 982
Distribution received from JVs	**(16 095)**	(46 609)
Carrying value at end of year	**1 201 078**	869 876

5. OTHER FINANCIAL ASSETS

	2022 R 000	2021 R000
Non-current assets *		
Transcend Residential Property Fund Limited (1)	**52 993**	57 871
Safari Investments RSA Limited (2)	**–**	105 000
Total listed shares	**52 993**	162 871
Other non-current assets		
CityKidz Preschool NPC (3)		
Loan balance	**475**	2 148
Accrued interest	**176**	248
	651	2 396
Current assets		
Safari Investments RSA Limited (2)	**116 000**	–
Total current listed shares	**116 000**	–

* Refer to note 11 of the Group annual financial statements for further details.

(1) During 2016, the Company acquired 10% of the ordinary share capital of Transcend Residential Property Fund Limited, a specialised residential property fund, that is listed on the AltX Board of the JSE. During 2017 the Company acquired 9% of the ordinary share capital of Safari Investments RSA Limited a property investment company listed on the JSE as a Real Estate Investment Trust ("REIT"). The directors do not consider that the Company has the ability to exercise any significant influence over these Companies. Refer to note 11 for the consolidated annual financial statements for further information regarding the share prices for these investments. Transcend was subject to a rights issue in 2021 and the Company exercised its rights.

(2) Subsequent to year end the Company disposed of its 6.43% holding in Safari Investments RSA Limited.

(3) During 2019, the three loans previously advanced to CityKidz Preschool NPC ("CityKidz") with interest ranging from prime less 0.5% to prime and repayable at June 2020 and August 2023 were consolidated into one loan in order to support CityKidz scholars requiring financial support. This loan is secured by property held by CityKidz, bears interest at prime less 0.5% and is repayable on 1 December 2024. In November 2022 the Group entered into an agreement where CityKidz would issue bursaries to the students (particularly those in arrears) in lieu of settlement of the loan, amounting to R1.6 million (2021: R1.5 million).

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

5. OTHER FINANCIAL ASSETS *CONTINUED*

	2022 R 000	2021 R000
Level 1 as detailed in note 3		
Reconciliation of investment in listed shares		
Carrying value at beginning of year	**162 871**	112 800
Acquisition of shares	**–**	7 870
Fair value gain recognised through profit or loss	**6 122**	42 201
Carrying value at end of year	**168 993**	162 871

6. OTHER RECEIVABLES

	2022 R 000	2021 R000
Other receivables, accrued income and accrued interest (1)	**1 749**	1 376
Prepayments	**66**	460
Total other receivables	**1 815**	1 836

(1) This balance includes the following:

Deposits with municipal authorities, which will be recouped when a building is sold. Historically, amounts written off are considered to be irrecoverable and the risk, in respect of the remainder, has been assessed to be negligible.

Debtors are written off when there is no reasonable expectation of recovery. This is assessed on the basis of the failure of the debtor to agree and commit to a repayment plan and where contractual payments are greater than a period of 90 days. We have assessed the risk of default of these parties individually to be negligible and immaterial at this stage based on historical transactional activity and our assessment of their future ability to settle the balance. The risk of default of the sundry debtors in the 90 days category is partially mitigated by the balance from the co-owners to be applied against net property income due to them.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and in banks.

	2022 R 000	2021 R 000
Cash and bank balances	**59 293**	10 315
Money market investments and call accounts	**–**	81 926
Distributions account	**312**	122
Tenant deposits (1)	**58 393**	63 215
	117 998	155 578

(1) The tenant deposits are invested in separate 32-day call accounts and as such can only be accessed within 32 days. Additionally, the capital portion can only be accessed at the end of the leasing arrangement (either via the conclusion of the lease term or via early termination) or it can be applied to the arrears balance. The tenant deposits have a corresponding liability in net loans to/from subsidiary companies. Refer to note 14 and 19 of the consolidated annual financial statements.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

8. SHARE CAPITAL AND RESERVES

Shares issued by the Company are recognised at the proceeds received, net of direct issue cost. Shares repurchased by the Company are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own shares.

	2022 R 000	2021 R 000
Authorised		
4 000 000 000 shares at no par value (2021: 4 000 000 000)		
Issued		
2 514 732 095 shares (2021: 2 514 732 095 shares)	**9 193 652**	9 193 652
Non-distributable reserves: operational [(1)]	**1 526 828**	970 276
Distributable reserves	**(319 645)**	(345 909)
	10 400 835	9 818 019
Reconciliation of number of shares issued:		
Opening shares	**2 514 732**	2 514 732
Closing shares	**2 514 732**	2 514 732

[(1)] Included in non-distributable reserves: operational are items not included in the calculation of distributable income, including revaluation of investment in subsidiary companies and listed shares.

The statement of changes in equity reflects a detailed analysis of movements in shareholders' equity.

9. TRADE AND OTHER PAYABLES

The Company has cash management policies in place to ensure that all amounts are paid within the credit time frame.

	2022 R 000	2021 R 000
Trade payables	**11 199**	18 010
Sundry creditors	**95 107**	–
Other payables	**2 001**	1 540
Total	**108 307**	19 550

10. REVENUE

Revenue comprises dividends. Dividends are recognised when declared.

	2022 R 000	2021 R 000
Dividends from subsidiary companies	**587 727**	635 778
Dividends from investment in listed shares	**17 846**	14 545
Total	**605 573**	650 323

For the year ended 31 December 2022

11. OTHER OPERATING EXPENSES

	2022 R 000	2021 R 000
Audit fees	**169**	229
Administrative fees	**4 130**	4 832
Recovery of property expenses and other income	**(100)**	63
Service fees	**7 636**	7 340
	11 835	12 464

12. INTEREST INCOME

Interest income is recognised at the effective rates of interest on a time-related basis.

	2022 R 000	2021 R 000
Money market investments and call accounts	**5 174**	5 537
Tenant deposits	**2 087**	1 215
Cash and bank balances	**732**	487
	7 993	7 239

13. TAXATION

Major components of the tax expense

	2022 R 000	2021 R 000
Current		
Local income tax - current period	**–**	2 063

Due to the Company's REIT status, the taxation liability is limited to the extent that the distributable income is not distributed by the Company to its shareholders. The Company's capital profit is also exempt from capital gains taxation. Deferred taxation is provided for using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation is charged to profit or loss. A deferred taxation asset is recognised to the extent that it is probable that it will be utilised on future taxable profits. Deferred taxation is raised at tax rates that have been enacted or substantively enacted at the reporting date.

	2022	2021
Applicable tax rate	**28.00%**	28.00%
Exempt income (1)	**(14.30%)**	(40.56%)
Foreign exchange adjustment	**(1.60%)**	(4.46%)
Fair value adjustments on investment in subsidiaries	**(9.50%)**	11.27%
Fair value adjustments on investment in JVs	**(2.50%)**	5.83%
Other (2)	**(0.10%)**	0.36%
Effective rate	**0.00%**	**0.44%**

No taxation is provided for against operating profit, to the extent that it is declared as tax deductible distributions in terms of section 25BB of the Income Tax Act.

(1) Exempt income comprises non-taxable dividends received.

(2) Other non-taxable income includes largely fair value losses on listed investments and non-distributable expenses.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

14. DISTRIBUTION

Refer to note 27 of the Group annual financial statements for the distribution note.

15. DISTRIBUTIONS PAID

	2022 R 000	2021 R 000
Reconciliation of distributions paid		
Balance at the beginning of year	–	–
Distribution attributable to shareholders	**643 237**	709 208
Distributions paid	**(643 237)**	(709 208)
Balance at the end of year	**–**	–

16. CASH USED IN OPERATIONS

	2022 R 000	2021 R 000
Profit after taxation	**1 226 053**	431 522
Adjustments for:		
Capital gain on disposal of investment properties	–	(8)
Fair value gain on investment in listed shares	**(6 122)**	(42 201)
Fair value (gain)/loss on investment in subsidiary companies	**(442 653)**	234 707
Fair value (gain)/loss on investment in JVs	**(107 777)**	98 583
Interest income	**(7 993)**	(7 239)
Foreign exchange adjustments	**(67 770)**	(75 442)
Taxation refund	–	(2 063)
Dividends received	**(605 573)**	(650 323)
Changes in working capital:		
Other receivables	**(157)**	8 470
Other payables	**(38 717)**	(153)
	(50 709)	(4 147)

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS *CONTINUED*

For the year ended 31 December 2022

17. RELATED PARTIES

Related party transactions constitute the transfer of resources, services or obligations between the Company and a party related to the Company, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Company's executive committee.

	2022 R 000	2021 R 000
Related party balances		
SA Corporate Real Estate Fund Managers (Pty) Ltd		
Recoveries	**(2 430)**	(1 065)
Graduare Mauritius Limited		
Credit enhancement fee	**12 215**	8 288
Based on the direct recoveries of expenses incurred		
Related party transactions		
Graduare Mauritius Limited		
Credit enhancement fee	**3 927**	4 307
SA Corporate Real Estate Fund Managers (Pty) Ltd		
Recoveries	**(6 729)**	(6 573)
Subsidiaries, JVs, and Investments in listed shares		
Distributions received	**605 573**	650 323

Refer to note 3 for intergroup loans, interest rates and repayment terms. Refer to note 35 of the Group annual financial statements for the directors' remuneration for compensation paid to key management personnel by the managing company.

18. DIRECTORS' REMUNERATION

Refer to note 35 of the Group annual financial statements for the directors' remuneration note.

19. CONTINGENT LIABILITIES

Refer to note 36 of the Group annual financial statements for further information on the contingent liabilities.

20. GOING CONCERN

The Company incurred a net profit for the year ended 31 December 2022 of R1.3 billion (2021: R475.6 million) and as that date the Company's total assets exceeded its total liabilities by R10 360.7 million (2021: R9 862.1 million), and current liabilities exceeded the current assets by R2.8 million (2021: R193.3 million). The Company has access to R597.1 million of undrawn borrowing facilities through its subsidiary, SA Retail, which is administered through the Group's treasury function. SA Retail is in a solvent position and has sufficient borrowing facilities to support both its own and the Company's current obligations. Certain properties held by subsidiaries of the Company have been sold during the year ended 31 December 2022 and others are expected to transfer during 2023.

21. EVENTS AFTER REPORTING PERIOD

Refer to note 41 of the Group annual financial statements for details of events that occurred after the reporting period.

APPENDIX A: PROPERTY PORTFOLIO REVIEW

Sectoral and geographical profile:
The regional and sectoral composition of the property portfolio is depicted in the following tables:

	Geographical profile				
	Gauteng	KwaZulu-Natal	Western Cape	Other	Total
Rental Area (m²)	962 035	254 439	26 565	27 972	1 271 011
Revenue (R 000)	1 414 770	552 654	28 765	46 305	2 042 494

	Industrial	Retail including Storage	Commercial	Afhco	Storage	Specialised: Auto dealerships	Total
Rental Area (m²)	401 795	348 353	25 591	435 612	37 282	22 378	1 271 011
Revenue (R 000)	345 474	907 573	40 141	692 391	25 830	31 085	2 042 494

The rental area excludes 79 655m² development bulk.

Tenant profile:
"The tenants are classified in terms of the following grading:

"A": "Large national tenants", includes large listed tenants, government and major franchisees and is defined as tenants occupying premises that have on average greater than 500m2 of GLA.

"B": "National tenants" includes listed tenants, franchisees, medium to large professional firms and is defined as tenants occupying premises that have on average greater than 1 000m2 of GLA in one region.
"Medium professional firms" is defined as professional firms occupying premises that have on average between 500m2 and 2 000m2 of GLA.
"Large professional firms" is defined as professional firms occupying premises that have on average greater than 2 000m2 of GLA.

"C": Other

	% of occupied space	
Tenant profile	**2022**	**2021**
A	**59.6**	58.3
B	**26.0**	24.1
C [(1)]	**14.4**	17.6
	100.0	100.0

[(1)] This category consists of 936 (2021: 1 034) tenants

Vacancies, expiries and average rental income:
The lease expiry profile and vacancies (as a % of GLA) are set out below:

Traditional Portfolio:

	Vacancy (%)		Expiries (%)					
Property type	**2021**	**2022**	**Monthly**	**2023**	**2024**	**2025**	**2026**	**Thereafter**
Industrial	0.7	**0.2**	3.7	14.0	26.4	24.6	3.9	27.2
Retail	4.6	**3.2**	6.0	14.7	12.4	17.1	13.0	33.6
Commercial	18.9	**17.7**	7.3	27.2	13.4	10.0	4.6	19.8
Total	3.3	**2.3**	4.8	14.9	19.9	20.8	7.8	29.5

Afhco Portfolio:

	Vacancy (%)		Expiries (%)					
Property type	**2021**	**2022**	**Monthly**	**2023**	**2024**	**2025**	**2026**	**Thereafter**
Retail/Commercial	5.8	**5.5**	10.1	20.8	13.5	11.9	26.3	11.9
Residential (by units)	8.5	**2.9**	58.1	36.9	–	0.9	–	1.2

APPENDIX A: PROPERTY PORTFOLIO REVIEW *CONTINUED*

Rest of Africa Portfolio

Property type	Vacancy (%)		Expiries (%)				
	2021	2022	Monthly	2023	2024	2025	Thereafter
Retail	12.6	**5.4**	–	1.4	22.4	18.2	52.6
Commercial	14.8	**13.8**	–	62.5	22.7	–	1.0
Total	13.0	**6.5**	–	9.5	22.4	15.8	45.8

The lease expiry profile and vacancies (as a % of rental income) are set out below:

Traditional Portfolio:

Property type	Vacancy (%)		Expiries (%)					
	2021	2022	Monthly	2023	2024	2025	2026	Thereafter
Industrial	0.5	**0.1**	7.5	13.1	21.4	16.2	5.6	36.1
Retail	3.4	**2.4**	10.7	16.1	13.8	19.7	11.4	25.9
Commercial	15.3	**15.9**	7.2	29.8	16.9	10.2	5.2	15.0
Total	3.1	**2.3**	9.5	15.8	16.5	18.1	9.1	28.7

Afhco Portfolio:

Property type	Vacancy (%)		Expiries (%)				
	2021	2022	Monthly	2023	2024	2025	Thereafter
Retail/Commercial	3.7	**3.3**	7.4	29.1	17.8	16.0	26.4
Residential	8.6	**2.9**	57.8	35.3	0.0	2.9	1.1

Rest of Africa Portfolio

Property type	Vacancy (%)		Expiries (%)				
	2021	2022	Monthly	2023	2024	2025	Thereafter
Retail	12.2	**3.8**	–	1.8	31.4	21.5	41.5
Commercial	13.6	**8.1**	–	69.9	21.3	–	0.7
Total	12.5	**4.5**	–	12.7	29.8	18.0	35.0

Weighted average rental per square metre by GLA calculated on the total of rent, operating cost and rates:

Property type	2022 R/m²	2021 R/m²
Industrial	**74.22**	76.90
Retail	**169.98**	163.78
Commercial	**123.80**	87.49
Storage	**64.34**	67.46
Afhco Retail/Commercial	**147.29**	154.58
Afhco Residential	**101.28**	100.83
Weighted Average	**113.68**	111.91

Weighted average rental escalation profile:

Property type	2022 % p.a.	2021 % p.a.
Industrial	**6.36**	6.66
Retail	**6.49**	6.86
Commercial	**6.92**	7.35
Afhco Retail/Commercial	**6.89**	7.06
Afhco Residential	**2.63**	0.46
Weighted Average	**5.32**	5.02

Due to the short-term nature of the storage leases, there is no weighted average rental escalation.
The annualised property yield is 7.7% (2021: 7.5%).

APPENDIX B: PROPERTY PORTFOLIO

Property company/name	Key	Property address	Location	Site area (m^2)	Rentable area (m^2)	Weighted average rental per m^2 (R)	Value R 000
Retail –Gauteng							
51 Pritchard Street	(c)	51 Pritchard Street	Johannesburg	4 974	11 428	171	270 000
African City	(a)	Eloff Street	Johannesburg	10 605	3 957	138	64 400
Cambridge Crossing	(c)	Cnr Witkoppen Road & Stone Haven Street, Paulshof	Sandton	12 478	5 237	205	139 000
Celtis Ridge Shopping Centre, Centurion	(c) (d)	Cnr Main Arterial Ruimte Road & Seedcracker Road, Heuwilsig	Celtisdale	21 231	7 122	188	142 500
Coachman's Crossing	(c)	Cnr Peter Place & Karen Street, Bryanston West	Sandton	15 860	5 762	157	92 000
Comaro Crossing	(c)	Cnr Comaro Street & Boundary Lane	Oakdene	24 067	14 651	166	283 000
Cullinan Jewell Shopping Centre	(c) (d)	Cnr Main Road & Oak Avenue	Cullinan	10 753	4 181	143	63 500
East Point	(c)	Cnr Northrand & Rietfontein Roads, Jansen Park	Boksburg	80 202	44 254	163	923 000
Forest Road Design & Décor Centre	(c)	Cnr Forest Drive & Sunset Avenue, Pineslopes	Fourways	21 933	11 454	216	112 000
Midway Mews	(c)	Cnr Harry Galaun Drive & Seventh Street	Halfway Gardens	28 198	8 725	161	169 000
Montana Crossing	(c)	Cnr. Dr Swanepoel Rd &, Sefako Makgatho Dr, Montana, Pretoria, 0186	Montana	69 733	23 392	131	340 000
Morning Glen Shopping Centre	(c)	Kelvin Dr & Bowling Avenue	Sandton	21 918	22 411	90	302 034
Northpark Mall	(c)	526 Rachel De Beer Street	Pretoria North	20 415	11 471	93	102 000
Town Square Shopping Centre	(c)	Cnr Hendrik Potgieter Road & Albert Street	Weltevredenpark	25 057	5 655	216	145 000
Willow Way Shopping Centre	(c)	Cnr Lynwood Road & Power Avenue	Lynwood	26 482	7 933	161	138 000
Retail - KwaZulu-Natal							
50 Griffiths Mxenge Highway	(e)	50 Griffiths Mxenge Highway, Umlazi	Umlazi	270 511	3 236	123	35 625
Bluff Shopping Centre	(c)	Cnr Grays Inn & Tara Roads	Bluff	48 637	24 008	186	525 000
Davenport Square Shopping Centre	(c)	Cnr Clark & Brand Roads	Glenwood	8 223	8 656	228	177 700
Hayfields Mall	(c)	Cnr Blackburrow Road & Cleland Roads, Hayfields	Pietermaritzburg	34 683	12 386	242	307 000
Musgrave Centre	(c)	115 Musgrave Road	Musgrave	25 892	39 939	198	980 000
Pine Walk Centre	(c)	22 Kings Road	Pinetown	13 889	8 512	200	167 000
Springfield Value Centre	(c)	Cnr Umgeni & Electron Roads	Springfield	52 020	18 481	225	565 085
Umlazi Mega City	(c) (e)	50 Griffiths Mxenge Highway	Umlazi	270 511	36 915	179	586 260
Retail - Other							
The Oaks Shopping Centre	(c)	50 De Jager Street	Ermelo	21 270	8 588	147	147 000
Industrial - Gauteng							
11 Wankel Street	(c) (d)	11 Wankel Street	Jet Park	16 905	6 729	-	58 000
112 Yaldwyn Road	(c)	112 Yaldwyn Road	Jet Park	58 675	30 299	-	214 000
120 Loper Avenue	(c)	120 Loper Avenue	Aeroport Industrial Estate	10 111	3 575	-	19 200
137 Kuschke Street	-	137 Kuschke Street	Meadowdale	2 820	1 541	-	11 200
141 Hertz Close	(c)	141 Hertz Close	Meadowdale	6 694	3 616	-	22 300
145 Kuschke Street	-	145 Kuschke Street	Meadowdale	2 262	1 518	-	9 900
148 Fleming Street	-	148 Fleming Street	Meadowdale	2 652	1 417	-	7 200
149 Fleming Street	-	149 Fleming Street	Meadowdale	3 382	2 090	-	13 000
15 Patrick Road	-	15 Patrick Road	Jet Park	8 140	2 275	-	15 700
150 Fleming Street	-	150 Fleming Street	Meadowdale	3 180	1 835	-	10 900
18 Covora Street	(c)	18 Covora Street	Jet Park	10 498	4 638	-	27 500
19 Brunton Circle (Webco Tools), Founders View	-	19 Brunton Circle, Founders View South	Modderfontein	4 151	2 720	-	12 500
2 Fobian Street	(c)	2 Fobian Street	Boksburg	12 047	5 258	-	29 500
27 Jet Park Road	(c)	27 Jet Park Road	Jet Park	55 256	12 582	-	78 000
3 Wankel Street	(c)	3 Wankel Street	Jet Park	7 391	3 952	-	28 700
32/34 Yaldwyn Road	(c)	32/34 Yaldwyn Road	Jet Park	7 792	4 000	-	26 000
33 Ontdekkers Road	(c)	33 Ontdekkers Road	Roodepoort	14 805	6 386	-	75 600
37 Yaldwyn Road	(c)	37 Yaldwyn Road	Jet Park	78 610	39 738	-	285 000
41 Yaldwyn Road	(c)	41 Yaldwyn Road	Jet Park	12 654	6 249	-	53 500
5 Yaldwyn Road	(c)	5 Yaldwyn Road	Jet Park	41 194	17 552	-	142 000
57 Sarel Baard Crescent	(c)	57 Sarel Baard Crescent	Centurion	80 999	42 144	-	680 000
7 Belgrade Avenue	-	7 Belgrade Avenue	Aeroport Industrial Estate	3 525	1 535	-	10 400
8 Director Drive	(c)	8 Director Drive	Aeroport Industrial Estate	6 947	3 750	-	21 750
85 Newton Street	(c)	85 Newton Street	Meadowdale	5 600	3 178	-	19 100
88 Loper Avenue	(c)	88 Loper Avenue	Aeroport Industrial Estate	10 953	7 432	-	48 500
Beryl Street	(c)	Beryl Street	Jet Park	130 418	27 681	-	339 000

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m^2)	Rentable area (m^2)	Weighted average rental per m^2 (R)	Value R 000
Industrial – Gauteng *continued*							
Cnr Bismuth & Graniet Streets	(d)	Cnr Bismuth & Graniet Streets	Jet Park	4 005	1 800	-	9 000
Cnr Fleming St & Koornhof Road	-	Cnr Fleming St & Koornhof Road	Meadowdale	5 471	2 914	-	18 500
Cnr Koornhof Rd & Essex Street	(c)	Cnr Koornhof Rd & Essex Street	Meadowdale	20 929	9 783	-	61 100
Cnr Rudo Nel & Tudor Streets	(c)	Cnr Rudo Nel & Tudor Streets	Jet Park	22 627	10 786	-	60 500
Cnr Staal & Stephenson Road	(c)	Cnr Staal & Stephenson Road	Pretoria	43 957	28 538	-	80 200
Erf 1144 Bardene Ext 48, Bardene	(c)	39 Viewpoint Road, Bartlett	Boksburg	10 204	1 045	-	15 200
Industrial – KwaZulu–Natal							
1 Baltex Road	(d)	1 Baltex Road	Isipingo	53 080	9 964	-	136 500
1 Irvine Bell Drive	(c)	1 Irvine Bell Drive	Empangeni	12 788	2 736	-	13 000
10 Yarborough Road	-	10 Yarborough Road	Pietermaritzburg	38 712	3 400	-	43 000
153 Old Main Road	-	153 Old Main Road	Pinetown	9 044	3 408	-	32 100
155/157 Old Main Road	-	155/157 Old Main Road	Pinetown	14 576	5 858	-	66 000
17 Young Road	-	17 Young Road	Pinetown	8 942	3 970	-	18 250
2 Beechfield Crescent	(c)	2 Beechfield Crescent, Springfield Park	Durban	4 636	3 815	-	21 500
20 Kyalami Road	-	20 Kyalami Road	Pinetown	6 614	3 052	-	19 100
28 Goodwood Road	(c)	28 Goodwood Road	Mahogany Ridge	21 409	7 848	-	49 000
2A, B & C Kuba Avenue	(c)	2A, B & C Kuba Avenue	Riverhorse Valley	9 979	4 463	-	41 500
33/37 Aloefield Crescent	(c)	33/37 Aloefield Crescent	Springfield Park	6 804	5 672	-	36 000
35 Surprise Road	(c)	33 Surprise Road	Pinetown	15 894	5 931	-	33 000
5 Westgate Place	(c)	5 Westgate Place	Westmead	27 828	4 633	-	65 000
9 Twilight Road	-	9 Twilight Road	Umhlanga	2 106	823	-	17 000
Cnr Gillitts & Young Roads	(c)	Cnr Gillitts & Young Roads	Pinetown	12 354	4 616	-	27 500
Suffert Street	(c)	Suffert Street	Pinetown	33 653	14 056	-	77 500
Wood Ibis Investments Proprietary Limited	(a) (d)	Wood Ibis Investments Proprietary Limited	Durban	20 757	18 060	-	69 130
Industrial – Western Cape							
Cnr Giel Basson Drive & Nathan Mallach Road	(c)	Cnr Giel Basson Drive & Nathan Mallach Road	Goodwood	10 430	5 902	-	82 000
Tygerberg Business Park	(c)	Trans Karoo Street, Parow Industria	Parow	49 030	17 408	-	162 500
Offices and Other – Gauteng							
Green Park Corner	(c)	Cnr West Road South & Lower Road, Morningside	Sandton	12 726	15 623	-	212 418
Offices and Other – Western Cape							
31 Allen Drive	(d)	31 Allen Drive	Bellville	2 969	3 255	-	20 000
Offices and Other – Other							
Nobel Street Office Park	-	Noble Street, Brandwag	Bloemfontein	7 808	6 713	-	44 500
Storage – Gauteng							
Blue Valley	(a)	55 Rooihuiskraai Road, Blue Valley Mall	Centurion	33 002	1 574	-	1 700
Bryanston	(a)	Homestead Ave, Bryanston, Sandton	Bryanston	8 574	2 052	-	6 800
East Point	(c)	Cnr RietfonteinRoad &, North Rand Rd, Jansen Park	Boksburg	1 357	1 357	-	2 000
Erand Land	-	Erand Agricultural Holdings Ext 1, 391 9th Street	Midrand	25 697	25 697	-	15 000
Fourways	(a)	Cedar Rd, Fourways, Johannesburg	Fourways	34 725	2 978	-	6 100
Hillfox	(a)	Rhinoceros Road, Hillfox	Roodepoort	62 141	975	-	260
Kempton Park	(a)	Corner Langenhoven & Central Street	Kempton Park	1 600	1 713	-	3 000
Midway Mews	(c)	Cnr Harry Galan & 7th Road, Halfway Gardens	Midrand	1 500	2 025	-	3 200
Montana Crossing Storage	(c)	Cnr. Dr Swanepoel Rd &, Sefako Makgatho Dr	Montana	2 343	2 343	-	9 300
Parkview	(a)	24 Garsfontein Rd, Moreleta Park	Pretoria East	64 497	2 572	-	1 280
Pomona	(a)	57 Maple Road, Pomona AH	Kempton Park	13 691	4 451	-	2 300
Princess Crossing	(a)	54 Ontdekkers Rd, Princess	Roodepoort	28 346	2 339	-	840
Rivonia	(a)	17 Wessels Road	Rivonia	17 839	3 450	-	6 900
Rosebank	(a)	The Zone, 177 Oxford Rd	Rosebank	690	1 364	-	550
Sandton	(a)	Ninth Avenue	Sandton	66 331	1 345	-	450
Steeldale A187	(a)	Steeldale Mall, 9 Linroy Street	Steeldale	4 060	1 217	-	1 810
Stoneridge	(a)	1 Hereford Rd &, Modderfontein Rd, Modderfontein	Greenstone Park	105 078	4 291	-	6 000
Wandereres	(a)	Wanderers Office Park, Unnamed Road Illovo	Wanderers	5 172	1 236	-	4 700

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m^2)	Rentable area (m^2)	Weighted average rental per m^2 (R)	Value R 000
Residential - Gauteng							
120 End Street	(c)	120 End Street and 55 Davies Street	Doornfontein	8 302	34 286	-	297 000
252 Montrose Ave	(d)	252 Montrose Avenue	Randburg	-	6 603	-	85 000
42-44 De Villiers Street	(c)	42-44 De Villiers Street	Johannesburg	992	1 821	-	20 900
50 Stiemens Street	(d)	50 Stiemens Street	Braamfontein	1 427	796	-	6 300
Afhco Corner	-	64 Siemert Road	New Doornfontein	4 136	4 690	-	11 755
Anchor Towers	(d)	2 Plein Street, Cnr Harrison Street	Johannesburg	4 436	4 410	-	22 600
Andrea Close	-	Cnr Club and General Hertzog Roads Peacehaven	Johannesburg	4 660	2 672	-	8 200
Atkinson House	-	28 Albert Street	Johannesburg	1 984	8 795	-	76 000
Beechwood	-	Cnr Raven and Nightingale Roads	Randfontein	-	2 610	-	19 600
Bridgeport	-	98 De Korte Street	Braamfontein	3 884	2 972	-	23 700
Calderwood Lifestyle Estate	(c)	Portion 488 of Farm Kleinfontein, Beryl Street	Benoni	46 154	20 032	-	170 000
Cambalala	-	30 Eloff Street	Centurion	1 982	5 572	-	45 600
Chapel Court	(c)	Cnr Wanderers & 39 Plein Street	Johannesburg	995	2 340	-	58 000
Danina	-	19 Wanderers Street	Johannesburg	249	176	-	10 800
Dennehof and Bloekomhof	-	Cnr Club and General Hertzog Roads Peacehaven	Vereeniging	26 244	11 733	-	38 500
Elmol House	(c)	Cnr Lilian Ngoyi & Delvers Street	Johannesburg	248	944	-	21 700
Etude	(c)	51 Mozart Avenue	Midrand	900	17 181	-	140 700
Frank & Hirsch	(c)	352 Lilian Ngoyi Street	Johannesburg	2 680	10 255	-	92 000
Georgetown	-	36 Railway Street	Germiston	1 129	878	-	11 500
Golf Park	(c)	631 Lievaart Street, Phillip Nel Park	Pretoria West	16 076	9 986	-	98 000
Hartmann and Keppler	-	43 Sherwell Street	Doornfontein	468	4 800	-	8 640
Hayani	-	112 End Street	Doornfontein	2 344	6 898	-	70 800
Hoeksbury	-	3 Hoek Street	Johannesburg	248	613	-	9 500
Impilo Place	(c)	141 Rahima Moosa Street	Johannesburg	990	3 729	-	52 300
Indlovu Complex	(d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	10 549	3 911	-	34 300
Jabulani Lifestyle	-	3223 Matshabeng Street	Soweto	14 854	11 520	-	94 300
Jabulani Mews	-	2345 Dikgathehong Street	Soweto	7 380	7 359	-	62 500
Jeppe Post Office	(c)	Cnr Von Brandis and Rahima Moosa Street	Johannesburg	9 666	34 414	-	320 000
Johannesburg Shopping Centre	-	229 Jeppe Street	Johannesburg	1 984	2 399	-	47 700
Khan Corner	-	104 & 106 End Street	Doornfontein	933	3 522	-	32 000
Komati Complex	(d)	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	7 380	1 950	-	16 600
La Vie Nouvelle	-	1761 Riverview Road, Broadacres Ext 36	Johannesburg	4 164	4 164	-	104 000
Legae	-	219 Lilian Ngoyi Street	Johannesburg	1 242	6 937	-	64 500
Lethabong Complex	-	2670/2/3 Doberman Street, Commercia Ext 9	Midrand	8 256	2 405	-	20 000
Living @ Rissik	(c)	81 Rissk Street	Johannesburg	994	4 148	-	104 500
Long Street Precinct	(d)	Long Street, Jeppestown	Johannesburg	48 587	48 771	-	58 300
Melbourne Court	(c)	237 Lilian Ngoyi Street	Johannesburg	249	612	-	28 500
Minuet	(c)	44 Mozart Lane, Sagewood	Midrand	5 829	4 726	-	37 000
Moray House	(c)	197 Rahima Moosa Street	Johannesburg	991	4 494	-	78 300
Multi Glass	(d)	4-8 Mooi Street	Johannesburg	3 968	1 655	-	3 600
Newgate	(c)	180 Lilian Ngoyi Street	Newtown	7 148	12 716	-	138 700
Northgate Heights Phase 1a	-	43 Montrose Avenue	Randburg	4 958	8 038	-	71 000
Northgate Heights Residential (MPP)	-	43 Montrose Avenue	Randburg	14 860	9 425	-	82 800
Northpark Mall, Residential	(d)	526 Rachel De Beer Street, Akasia	Pretoria North	-	9 544	-	100 000
Normandie Court	(c)	96 Kerk Street	Johannesburg	5 440	4 472	-	44 300
Nukerk	-	73 Nugget Street	Johannesburg	1 983	8 413	-	135 000
Mpumelelo	(c)	62 Davies Street	Doornfontein	2 344	13 412	-	280 000
Panama House	-	200 Commissioner Street	Johannesburg	2 082	8 081	-	72 300
Pink Houses and Rockey Retail	-	Cnr Davies and Rocky Streets	Doornfontein	935	387	-	4 500
Platinum Place	(c)	38 Van Beek	New Doornfontein	7 084	9 081	-	76 200
Queens Court	(d)	Cnr Lilian Ngoyi and Klein Street	Johannesburg	498	2 395	-	37 900
Reef Acres	(d)	8 Myrtle Road, Krugersrus	Springs	4 698	2 457	-	20 700
Rosewood	(d)	2 Nightingale Road	Randfontein	-	1 771	-	12 000
Small Street Mall	(a)	Small Street	Johannesburg	1 984	540	-	35 000
South Hills	-	Cnr Nephine and Steelpoort Road	Johannesburg	64 830	31 820	-	293 000
Springbok Hotel	(c)	Cnr Lilian Ngoyi & Joubert Street	Johannesburg	1 495	1 398	-	30 500

APPENDIX B: PROPERTY PORTFOLIO *CONTINUED*

Property company/name	Key	Property address	Location	Site area (m^2)	Rentable area (m^2)	Weighted average rental per m^2 (R)	Value R 000
Residential and other Inner-City - Gauteng							
Station View	-	62 Davies Street	Doornfontein	886	2 655	-	20 700
Stuttafords House	(c)	60 Pritchard Street	Johannesburg	1 485	7 546	-	93 400
The Falls Lifestyle Estate	(f)	Van Staden Road	Wilgeheuwel	-	15 329	-	176 500
The Falls 2 Lifestyle Estate	(f)	45 Shearwater Road	Wilgeheuwel	-	15 390	-	168 000
Residential - Other							
Tubatse Village	(c)	Steelport Ext 9 Township	Steelpoort	26 105	12 670	-	100 000
Total				**3 109 547**	**1 346 414**		**15 135 437**
Investment property - at valuation							13 984 808
Properties under development							404 604
Properties classified as held for disposal							746 025
Total							**15 135 437**

Keys:
(a) Indicates leasehold properties
(b) Before straight line rental adjustment
(c) Indicates properties bonded with Mega Pool
(d) indicates properties held for disposal
(e) Indicates a 75% share in property
(f) Indicates properties bonded with ABSA in respect of The Falls Rental Company debt

Due to the sensitivity of the weighted average rental per m^2 in the industrial, commercial and storage portfolios, the weighted average has not been disclosed in Appendix B.

APPENDIX C: STATUTORY INFORMATION

DIRECTORATE:
The table below sets out the directors' holdings in shares:

Director	Share holding 000	2022 Type of Holding	Share holding 000	2021 Type of Holding
RJ Biesman-Simons [2]	**100**	**Direct beneficial**	100	Direct beneficial
RJ Biesman-Simons [2]	**100**	**Indirect non-beneficial**	100	Indirect non-beneficial
AM Basson (Chief Financial Officer) [3]	**–**	**Direct beneficial**	1 285	Direct beneficial
TR Mackey (Chief Executive Officer)	**7 178**	**Indirect beneficial (FSP[1])**	10 198	Indirect beneficial (FSP[1])
TR Mackey (Chief Executive Officer)	**5 124**	**Direct beneficial**	2 595	Direct beneficial
TR Mackey (Chief Executive Officer)	**9 650**	**Indirect beneficial**	9 650	Indirect beneficial
MA Moloto	**24**	**Direct beneficial**	24	Direct beneficial
	22 176		23 952	

(1) FSP = Forfeitable Share Plan
(2) Retired 6 June 2022
(3) Resigned 31 December 2021

There have been no changes in the direct or indirect beneficial interest of the directors between the end of the financial year under review and the date of signature of these financial statements. The shares held by Directors are unencumbered and are not subject to any guarantees, nor pledged as security.

SHAREHOLDER INFORMATION:

Shareholder Type	Number of shareholdings	% of total shareholdings	Shares held (000)	% Holding
Non-Public Shareholders	8	0.14%	465 576	18.51%
Directors and Associates of the Company				
Direct holding	3	0.05%	5 247	0.21%
Indirect holding	3	0.05%	19 949	0.79%
Share Schemes	–	0.00%	–	–
SA Corporate Real Estate Fund Managers (Pty) Ltd	1	0.02%	22 937	0.91%
Holders holding more than 10%	–	–	–	–
Government Employees Pension Fund	1	0.02%	417 443	16.60%
Public Shareholders	6 138	99.86%	2 049 156	81.49%
Total	**6 146**	**100.00%**	**2 514 732**	**100.00%**

Investment Manager Shareholders (>3%)	Shares Held	% Holding
Public Investment Corporation	464 320 249	18.46%
M & G Investments	329 946 578	13.12%
Ninety One	215 062 815	8.55%
Old Mutual Investment Group	176 199 919	7.01%
Sesfikile Capital	174 269 177	6.93%
Meago Asset Management	157 792 914	6.27%
Vanguard Investment Management	101 914 660	4.05%
Total	**1 619 506 312**	**64.39%**

Beneficial Shareholders (>3%)	Shares Held	% Holding
Government Employees Pension Fund	470 767 058	18.72%
Old Mutual Group	286 767 310	11.40%
Ninety One	165 990 916	6.60%
M & G Investments	139 841 929	5.56%
Eskom Pension & Provident Fund	120 665 464	4.80%
Vanguard Investment Management	101 914 660	4.05%
Total	**1 285 947 337**	**51.13%**